

INTERNATIONAL NEWS

Stringent work decree rounds off week of political success for Soviet leader

Gorbachev to order crackdown on labour force

By John Lloyd in Moscow

PRESIDENT Gorbachev ended a week of considerable political success with a promise to the Supreme Soviet that he would soon sign a decree for a "special, stringent regime of work and control" in the basic industries.

Appearing more relaxed and humorous than he has for months, the Soviet president praised the patriotism of Mr Boris Yeltsin, the Russian president, and the eight other republican leaders who signed a statement this week expressing support for the anti-crisis plan, for a return of order and for the conclusion of a union agreement.

Mr Yeltsin said he would today

unveil a proposal which would allow the thousands of strikers around the country to return to work "in an elegant manner". Mr Yevgeny Arapov, deputy chairman of the Federation of Independent Trade Unions, said Mr Yeltsin had discussed the joint statement with the federation's leaders.

A one-hour strike called by the Fed-

eration and by the Democratic Russia movement took place in parts of Rus-

sia - though not Moscow - yesterday. However, the strike committee in Minsk, the Belorussian capital, suspended action until May 21, when the republic's supreme Soviet recon-

vened; and the miners in Vorkuta

called off the strikes in their area. It now appears that Mr Gorbachev, and his prime minister, Mr Valentin Pavlov, have managed to shore up the anti-crisis plan with a sufficiently strong political base for an attempt to be made to implement it - though the effect of a tough, sacrificial strategy on a people already enduring steep price rises is incalculable.

In his speech to the Central Com- mittee Plenum Mr Pavlov said the 10 per cent drop in production and the Rs34bn budget shortfall in the first quarter of the year had to be stemmed by immediate, harsh mea- sures. Republics would be ordered to

pay their budget contributions, spe- cial (undefined) regimes would be instituted in basic industries, trans- port and banks, and strikes would be banned.

At the same time, Mr Pavlov held out the prospect of a coalition govern- ment (again undefined), and promised instant privatisation of small busi- nesses and "destatification" of medium and large enterprises by transforming them into joint stock companies.

He appears to be winning grudging support from opponents and from western observers. Mr Nikolai Petru- kov, the former economic adviser to the president who resigned when Mr

Gorbachev refused to back a radical pro-market strategy, wrote yesterday in Komsomolskaya Pravda that while the plan was vague and probably inflationary, the agreement between the republican presidents showed a possible consensus that "the realistic way is to form a new union from the republics that favour it and want to join it."

A western diplomat said yesterday that the agreement showed that Mr Gorbachev and Mr Yeltsin were responding to a public mood which called for practical results. He said he was "not sanguine" that the anti-crisis plan would work.

Joint ventures gleam amid economic gloom

By John Lloyd in Moscow

FOREIGN joint ventures, a tiny and embattled part of the Soviet economy, are growing strongly in spite of the surrounding collapse of the state sector.

Figures published by the State Statistics Committee show that the production of all joint ventures increased nearly fivefold from 1989 to 1990, to reach a value of Rs4.3bn (£1.37bn at the commercial exchange rate). Industrial production by joint ventures quadrupled, to reach Rs2.3bn.

This is a tiny niche in an economy whose gross output (net material product) was estimated last year at over Rs1,600bn.

Nevertheless, the rate of growth and the areas occupied by the joint ventures - usually services and high technology - are pushing the sector from negligible

proportions into the category of small-but-important.

The total capitalisation of joint ventures last year was estimated at Rs7bn, with the foreign partners owning 33 per cent of the total.

The committee's figures show the modest size of most of these enterprises - 64 per cent are capitalised at below Rs1m, with 90 per cent below Rs5m.

Some 2,905 joint ventures are now registered, of which only around one third, 1,027, are operating. They employ 103,700 workers.

Almost half of the value of output, Rs428m, is in industrial production, of which Rs198m was accounted for by information technology and spare parts.

Trade and catering accounted for Rs103m, and research and development Rs75m.

BUSINESS

THE THINKING MONTHLY



SIT-DOWN STRIKE: Protesting miners outside Bolshevik pit in the Urals yesterday. They called for President Gorbachev to resign

Poland urged to increase import tariffs

By Christopher Bobinski in Warsaw

POLAND must raise import tariffs to protect domestic industry, Mr Andrzej Zawislak, industry minister, told a Warsaw conference yesterday.

The statement marks the emergence of significant policy differences within the government.

"No country has ever had as liberal an import policy as we have at the moment and something has to be done," Mr Zawislak told a conference organised by the Finance Institute, an academic body affiliated to the Finance Ministry.

He also asked if the austere monetary policies agreed with

the International Monetary Fund by Mr Leszek Balcerowicz, finance minister, should be modified. "Has this policy not passed the point when it is still useful?" he asked. "I don't have an answer to that yet."

The minister's remarks run counter to Mr Balcerowicz's economic policies, which aim to force state-sector companies to become efficient through external competition and tight controls on credit.

Industrial sales in the first quarter were 3.5 per cent lower than at the same time in 1990. Mr Zawislak was speaking a few days after the government

bowed to pressure from farmers, angry about imports of food subsidised by the EC, and increased food tariffs by an average of 10 per cent.

Mr Zawislak told the conference: "The invisible hand is taking out the wrong firms; the best companies, not the worst, ones are being ruined."

He said high interest rates had cut access to credit for modernisation, while companies which had invested recently in new plant were having to pay a tax on assets to the budget.

The stable exchange rate was also hurting export earn-

ings as domestic costs rose.

• The Swiss Bank Corporation is planning to launch a fund next month worth around \$100m (£59m) designed to invest in Poland's privatisation programme.

The Poland Fund is to be managed by Polish Investment Partners, a subsidiary of the Polish Investment Company, in which the SBC holds 23 per cent share. The fund, which will be the first to concentrate on Poland, is to be based in Jersey. The investment company will apply for a share quotation in the London Stock Exchange at the time of issue.

NEWS IN BRIEF

US hopes for Start negotiations

THE Soviet Union has shown new seriousness of purpose in the Strategic Arms Reduction Talks (Start) in Geneva, the chief US negotiator said yesterday, Reuter reports from Geneva. "Everything in the past week convinces me that the Soviets are serious," he said.

Mr Linton Brooks.

Since the current talks began on April 19, Moscow had sent deputy foreign minister Alexei Obukhov to Geneva to speed things along and had come up with interesting new proposals, he said.

Nigerians warned

Nigerian President Ibrahim Babangida said his military government would deal harshly with those responsible for religious clashes in northern Nigeria this week, Reuter reports from Lagos.

'27m may starve'

Twenty-seven million people in Africa - half of them children - face starvation, the British-based charity Save the Children said yesterday. Reuter reports from London.

Oil hits Riviera

Oil spills from a tanker which sank off Italy have soiled some of the French Riviera's best-known beaches and are drifting along the coast, officials said. Reuter reports from Nice.

HK inflation up

Hong Kong's annual rate of inflation was pushed up to 20 per cent last month by a 20 per cent increase in duty on cigarettes in the colony's annual budget, it was announced last night. John Elliott writes.

Dock compromise

Australia's trade unions yesterday backed away from a threat to halt reform of the docks industry after accepting a compromise wages deal put forward by Mr Bob Hawke, prime minister. Kevin Brown writes from Sydney.

Bush optimistic about peace prospects for Middle East

By Nancy Dunne in Washington and Judy Matz in Jerusalem

PRESIDENT George Bush yesterday expressed optimism about peace prospects in the Middle East although "some sticky problems remain."

The president said he had spoken by telephone with Mr James Baker, the US secretary of state, who yesterday cut short his negotiations in Israel after hearing of the death of his mother.

"We're going to continue to try to bring peace to the troubled corner of the world," the president said.

Mr Bush refused to elaborate on the cause for his optimism. Mr Baker's trip was interrupted at a key moment in his latest Middle East mission as he sought to nudge Israel into regional peace talks.

However, two weeks of roving diplomacy have produced two accomplishments: Egypt's agreement to participate in a peace conference and a Soviet pledge to play co-host.

News of the meeting between Mr Baker while he was visiting Israel's Prime Minister Yitzhak Shamir, on his second trip to Israel in a week. He had arrived in Israel on Thursday night from the Soviet Union.

He also met leaders in Syria, Jordan, Egypt, Saudi Arabia and Kuwait during the week.

But two key issues that have yet to be resolved are Palestinian representation at the con-

ference and a possible role for the United Nations. Israel rejects the participation of Palestinian residents of Israeli-annexed East Jerusalem and opposes a role for the UN in the conference, as demanded by Arab states such as Syria.

United Nations agencies had moved "regrettably" slowly to help Kurds fleeing from Iraqi repression, said Mr Bernard Kouchner, French minister for humanitarian affairs and a founder of the charity Médecins sans Frontières.

Mr Kouchner is preparing proposals for EC members to work together on future emergencies, for debate at the first available meeting of Community foreign ministers.

Both Israel and the US are anxious to give the impression that the peace process is still alive, despite disagreements between them. Israel Foreign Minister Shimon Peres and the two countries reached agreement on five less, including the co-sponsorship of the conference by the Soviet Union.

But two key issues that have yet to be resolved are Palestinian representation at the conference and a possible role for the United Nations.

• The French government is to ask its European Community partners to co-ordinate humanitarian aid in future refugee crises in an attempt to speed up and improve the process, writes William Dawkins in Paris.

Mr Baker's trip was interrupted at a key moment in his latest Middle East mission as he sought to nudge Israel into regional peace talks.

The other point agreed on, according to Israeli officials, was that Europe would play a yet to be defined role in the peace conference; the conference would not have the authority to reach or impose decisions; Israel would have veto power over the conference reconvening to hear progress reports; and the conference could be used to discuss other regional issues, such as water, development and arms control.

Because of his departure, Mr Baker was unable to meet defence minister Moche Arens and prominent Palestinians.

Meanwhile, talks over a possible lengthening of the one-year ban on sackings in the east German engineering industry ended inconclusively yesterday. IG Metall, the engineering union, is trying to extend the ban, which is due to run out on July 1.

Another round of negotiations in the west German metal industry also ended inconclusively, with the union threatening that warning strikes could begin next week.

The union is seeking a 10 per cent rise, the employers have offered 4 per cent, and a settlement at about 7 per cent is expected.

• The German dairy products group Alois Müller said yesterday it was planning to build a plant in Britain. In 1990 the company had a turnover of DM508m but is seeking to expand abroad. It is also building a plant in east Germany.

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Fall in US output indicates recession is growing worse

By Michael Prowse in Washington

TOTAL US output fell at an annual rate of 2.8 per cent in the first quarter of this year, confirming a worsening of the recession since Christmas, the Commerce Department reported yesterday.

The fall in inflation-adjusted gross national product was larger than many economists

expected and will provide further ammunition for the White House and Federal Reserve. Both

have argued that Iraq's invasion of Kuwait in August - and the subsequent rise in oil prices and collapse of consumer confidence - triggered the recession.

The first-quarter figures indicate that the profile of the recession is changing. Personal consumption spending, which accounts for about two thirds of economic activity, declined at an annual rate of only 1.4 per cent, compared with 3.4 per cent in the final quarter of last year.

But the positive impact of this slowing in the decline of consumption was offset by a sharp downturn in capital spending and a stalling of export growth.

Non-residential fixed investment declined at an annual rate of 14 per cent in the first quarter compared with growth of 0.1 per cent in the fourth quarter of last year. Real exports contracted at an annual rate of 11 per cent at the end of last year.

World Bank chief rejects US criticism

By Stephen Fidler, Euromarkets Correspondent, in Washington

THE HEAD of the World Bank yesterday outlined measures to counter US criticism that the bank was not doing enough to help the private sector in developing countries.

However, Mr Barber Conable, president of the bank, rejected the notion that it should have a specific target for private sector lending, as suggested by the US.

He also said that support for direct lending to the private sector by the bank, a controversial proposal also envisaged by the US, did not have strong support from shareholders.

The US has suggested that the bank group direct 50 per cent of its lending to the private sector by 1995 in negotiations over a capital increase for the bank's private sector affiliate, the International Finance Corporation.

The IFC, which makes equity and debt investment direct to the private sector, is seeking a \$1.3bn (£765m) capital increase. Mr Conable thought that at meetings over the next few days of finance ministers in Washington, agreement could be achieved that an increase was needed. Agreement over a figure would follow later, he said.

The measures to increase the bank's role in the private sector include strengthening a private sector policy guidance

committee, changing staff guidelines to improve co-ordination between the Bank and IFC, and incorporating the IFC into the development of private sector strategies for borrowing countries.

Developing countries will face a shortage of official development finance over the next decade, according to the World Bank's new chief economist.

Mr Lawrence Summers said a restoration of large transfers of development money to third world countries was not in sight.

The World Bank group itself had transferred \$9 per head of the population (in 1991 dollars) to the developing world between 1975 and 1990. Over the next five years, this figure would be \$2. Those countries not eligible to borrow from the Bank's soft loan affiliate would actually be transferring money to the bank.

"Since there will not be much development money over the next decade, there had better be a lot of good ideas," he told a conference.

He said that improving the efficiency with which capital is used was more important than the amount of transfers. Increasing productivity in developing countries by a mere 0.2 per cent "would do more for living standards than an additional \$100m of capital."

Treuhand seeks buyer for railway carriage maker

By David Goodhart in Bonn

THE Deutsche Waggonbau, the world's largest builder of railway carriages, has been placed on the market by the Treuhand, the east German privatisations agency.

The other point agreed on, according to Israeli officials

INTERNATIONAL NEWS

Embattled Ethiopian leader offers deal as rebel fighters close in

Mengistu in desperate bid to stay in power

By Julian Ozanne in Nairobi

PRESIDENT Mengistu Haile Mariam of Ethiopia yesterday reshuffled his cabinet in a desperate last-ditch effort to stay in power as rebels tightened their grip on the capital.

With fighters of the Ethiopian People's Revolutionary Democratic Front (EPRDF) within 65 miles of Addis Ababa after a series of lightning victories against demoralised government troops, Mr Mengistu's slim chances of survival depend on rebel reaction to a parliamentary proposal for a transitional government and a ceasefire.

Western diplomats in Addis Ababa say the appointment of the moderate Mr Tesfaye Dinka as prime minister is designed to win confidence among the rebel groups about the government's seriousness in opening negotiations.

But most observers believe the proposals are too late to prevent the violent disintegration of the Ethiopian nation after 14 years of strong-arm rule by Mr Mengistu.

"Mengistu is finished. The only question is whether he will go peacefully or be forced out in a bloodbath," said one western diplomat.

Some observers believe the parliament's offer of open-ended, round table talks with all opposition groups, probably outside Ethiopia, stands a slight chance of averting the looming catastrophe, but only if Mr Mengistu

revenge.

Those fears have been bolstered with the recent experience of Somalia, where the capital, Mogadishu, degenerated into an orgy of ethnic bloodletting and anarchy as rebels neared the city seeking to extract concessions from the government.

The Mogadishu factor is very much in people's minds, said one resident of Addis Ababa.

For the moment the rebels appear wary of launching a full assault against the capital until prospects for negotiations are resolved. But with three provinces completely under rebel control, heavy fighting continuing on several fronts around Addis Ababa and the secessionist Eritrean rebels pressing their campaign against government troops in Eritrea province it seems Ethiopia is in danger of fragmenting.

"It would take a miracle to stop Ethiopia breaking up," said Mr Abdul Mohamed, a leading Ethiopian political analyst. "If Mengistu resigns immediately and the rebels hold off attacking Addis there is a chance. But it looks grim."

As rebels closed on the capital earlier this week, the US ordered the evacuation of all non-essential embassy staff. Concern is widespread that fighting could engulf Addis Ababa, unleashing violence after years of pent-up desire for

three or four years' time."

On Thursday, Ford said it was reviewing its cost structure and wanted to cut 2,500 of its salaried jobs throughout Europe over the next three years, mainly among white-collar support staff not directly employed in production



Mengistu: talks proposal may be too late



Dinka: moderate trying to win confidence of rebels

Japanese output falls again

By Robert Thomson in Tokyo

JAPAN'S industrial output fell 1.3 per cent last month, the fourth decline in the past five months and the largest fall since July 1989, the Ministry of International Trade and Industry said yesterday.

The index, against the 1985 base of 100, stood at a seasonally adjusted 127.4 in March, while the inventory index rose 0.8 per cent to 113.2, the fifth monthly rise in succession.

At the same time, the inflation rate rose to 3.8 per cent in the financial year to end March from 2.9 per cent in 1989. However, there was a fall in consumer prices in Tokyo. The capital's consumer price index, a leading indicator, rose an annual 3.3 per cent for April, down from 3.7 per cent in March and lower than had been expected.

The Japanese government indicated yesterday it was determined to maintain a tight monetary policy, despite suggestions from Washington that lower interest rates would help the international economy.

US and Japanese trade officials yesterday suspended negotiations on foreign access to Japan's semiconductor market after they failed to settle a dispute over the wording on a market share target.

Tokyo has agreed to a target of 20 per cent for foreign chips, but does not want the figure to set a precedent for market share targets in other areas, and so wants vague wording. The US wants more precise wording.

Japan's Finance Ministry said US pressure would make no difference to the country's monetary policy, which remains tight despite slower growth and signs that inflation has begun to fall.

The Bank of Japan has been determined to cut money supply growth in an attempt to ease pressures arising from the speculative stock and land binges that were fuelled by easy credit in past years. The

bank has also been concerned that the labour shortage would add to inflationary pressures.

Mr Russell Jones, of UBS Phillips & Drew, said the industrial production figures were very weak, while the decline in Tokyo's inflation rate should offer some comfort to government officials who feared a sharp increase in service sector costs.

Japanese financial markets have expected that the Bank of Japan would lower the Official Discount Rate (ODR) from 6 per cent, but bank officials indicate that they want further heat removed from the economy before a rate cut.

The central bank fears that a cut in the near future could prompt a return to speculative stock purchases and a more general overheating of the economy. Mr Masami Kogayu, the vice-minister of finance, said yesterday that hints from US President George Bush about the benefits of an ODR cut would not influence monetary policy.

"no indication that they [the Australians] were willing to move away from the concept of a permanent ban." There was "a chance" that the conference, which ends on Tuesday, would reach consensus on Article Six of the Antarctic Treaty, which governs mining on the continent, he said.

Nevertheless, supporters of a total ban say their position has been improved by a change of heart this week by the Japanese, who came out in support of a permanent ban. Many delegates said it was likely that if the meeting failed to reach a consensus on mining, the issue would be discussed again in Bonn in October.

The Madrid meeting is, in effect, a continuation of a special consultative conference held in Chile last year.

Further talks are likely at the weekend in the faint hope of reaching agreement.

Antarctic talks head for failure

By Peter Bruce in Madrid

TALKS on an international agreement to protect the Antarctic from exploitation by mining companies appeared to be heading for failure yesterday.

Mr Curtis Bohlen, head of

the US delegation and assistant secretary of state for economic and international environmental affairs, said that after a week of talks in Madrid supporters of a 40-year mining moratorium and others who want an eternal ban were at loggerheads.

The US, backed by the UK, supports the 40-year moratorium, but is becoming isolated by the increasing popularity of the Australian position, which favours an eternal ban.

Mr Bohlen said he had seen

"no indication that they [the Australians] were willing to move away from the concept of a permanent ban." There was "a chance" that the conference, which ends on Tuesday, would reach consensus on Article Six of the Antarctic Treaty, which governs mining on the continent, he said.

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Disgraced PM makes come-back

By Stefan Wagstyl in Tokyo

MR Yasuhiro Nakasone, the former Japanese prime minister, was yesterday re-admitted to the ruling Liberal Democratic Party, ending a two-year banishment imposed for his involvement in the Recruit financial scandal.

Mr Nakasone's return will pave the way for other Recruit politicians to make political come-backs, including Mr Noboru Takeshita, another former prime minister who resigned from office at the height of the scandal in 1989. Mr Takeshita has retained great influence behind the

scenes and is widely thought to be considering campaigning for the prime ministership once more, when Mr Toshiki Kaifu's term expires in October.

Mr Nakasone's recovery highlights the extraordinary flexibility of Japanese politics, where policy and principles are less important than personal ambition. Mr Nakasone was allowed back precisely because Mr Takeshita and other senior figures involved in the Recruit affair feel his return will improve their own prospects.

One MP said LDP leaders had taken heart from recent local

elections in which the party had extended its lead over opposition groups. This meant that "people had forgotten about Recruit," he said.

Unlike Mr Takeshita, Mr Nakasone is no longer considered a candidate for high office. He will not, for the time being at least, return to the intra-party faction he headed, which has been taken over by his lieutenant, Mr Michio Watanabe.

Mr Nakasone was never charged with any wrongdoing over Recruit but there was widespread doubt over his role.

Humble grandmother who healed the wounds of a warring nation

Mrs Chamorro has surprised the sceptics in her first year as president of Nicaragua, writes Tim Coone



Mrs Chamorro: eschewing party politics

outspoken opponents readily admit that the big success of her first year has been to end the war. Some 20,000 Contra rebels laid down their arms, while 75,000 government soldiers have been demobilised.

The secret of her success has been to surround herself with close advisers and friends, immediate family, whose pragmatic approach has eschewed party politics. None of her senior ministers is a member of any political party. The head of her cabinet, Mr Antonio Lacayo, is her son-in-law.

A mild-mannered businessman, of Jesuit education, Mr

Lacayo has been the engineer of the peace. For the past year, he has patiently sat through thousands of hours of meetings with table-hanging trade unionists, pistol-toting Contra rebels, disgruntled businessmen, spur-shod cattle-ranchers and rough peasant farmers, all demanding more than he was able to give. It is largely due to his negotiating tenacity that all have so far settled for less.

A recent opinion poll showed Mr Lacayo to be the most popular politician in the country, ahead even of the president.

Not all have been so lavish in their compliments however.

Mr Virgilio Godoy, the vice-president, is considered the chief spokesman for the right-wing sector of the UNO alliance, which bitterly criticises the government's pragmatism and President Chamorro's dependence upon Mr Lacayo. "It is [Lacayo] who chooses the ministers, and is giving the orders. He is running the country. She is just there to legitimise what her son-in-law is doing," he said.

Mr Lacayo recently accused Mr Godoy of wanting to oust Mrs Chamorro from the presidency. Mr Godoy denies this, saying he only wants to oust Mr Lacayo, to re-establish control by the 12-party UNO alliance over the government.

"Lacayo has no political party. That compromise has divided the Sandinistas. Hardliners within the party see Mr Lacayo as someone intent on eventually breaking the remaining Sandinista power - the army, police, and trade unions. General Ortega is being duped, they claim.

After consolidating peace in

Nicaragua, Mrs Chamorro now

has to revive the economy. And with unemployment and poverty rising that is no mean task.

UK NEWS

Ford steps up Halewood job cuts

By Ian Hamilton Fazey, Northern Correspondent

FORD of Britain is to step up job losses at its plant at Halewood on Merseyside because of the decline in car sales caused by the recession.

About 900 jobs will go at Halewood this year, but the company said they would be part of a five-year programme announced 12 months ago to reduce the workforce by 2,800 in a long-term productivity drive.

Ms Sarah Perris, head of public affairs at Ford, Halewood, said: "When we

announced our programme last year we could not anticipate the drop in sales which the industry has experienced recently, just as we cannot possibly know where we will be in

recovery," Sir Denys said. He also repeated a warning about job losses, which he first gave at the end of February when ICI announced a corporate restructuring programme.

"There will be plant closures and divestments and withdrawals from some businesses," he said.

three or four years' time."

On Thursday, Ford said it was reviewing its cost structure and wanted to cut 2,500 of its salaried jobs throughout Europe over the next three years, mainly among white-collar support staff not directly employed in production

or sales and marketing.

Mr Martin Watkins, head of public affairs for Ford UK, emphasised yesterday that the cuts were also part of a long-term cost-reduction campaign.

Ford employed more than

14,000 people at Halewood in the 1970s and the figure is now down to about 8,500, accompanied by labour-saving, capital-intensive manufacturing investment.

Mr Watkins said that the national 1979 workforce of 76,000 was now reduced to 44,000. There had been no compulsory redundancies and the aim was to continue job cuts through voluntary severance and early retirement. Recent talks with unions had been straightforward business meetings.

He added: "The current situation means that the focus has been somewhat sharpened. There is no precision about our programme and details are still being discussed."

Northern Telecom makes 205 redundant

NORTHERN Telecom, the Ulster telecommunications company, yesterday announced 205 redundancies at its Monkstown factory near Belfast, our Belfast Correspondent writes. That brings to more than 800 the number of job losses in Northern Ireland this week.

The company, a subsidiary of Northern Telecom Incorporated of Canada, makes advanced transmission systems, terminals, telephone sets and fax machines. It said the job cuts were necessary to enhance

long-term business prospects. "A number of the redundancies will reflect lower-than-forecast levels of demand in some areas, symptomatic of the general economic climate."

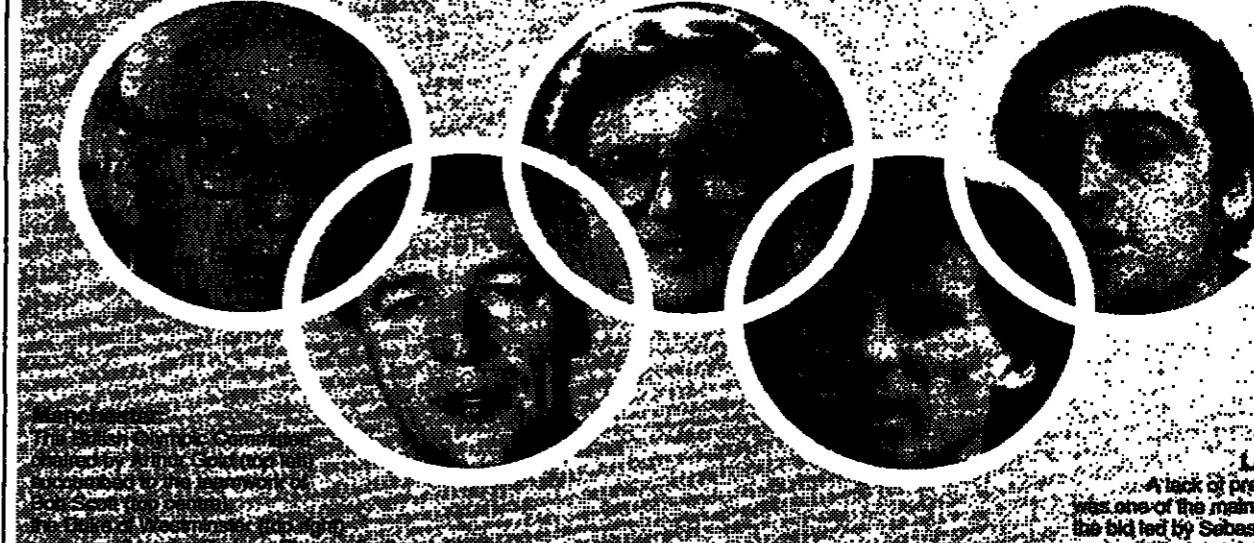
Northern Telecom was formerly STC (Northern Ireland), in February, STC made 350 temporary employees redundant at its Monkstown plant.

Mr Richard Needham, the province's

multinational with an annual turnover of close to £35bn (£4.55bn) and 62,000 employees. With the telecommunications sector throughout Europe undergoing rapid and far-reaching change, the company has been examining how the former STC telecommunications operations might be restructured for the long term."

Under the new business structure, the company would continue as a high-technology plant responsible for the manufacture and development of new products.

OLYMPICS 2000: WINNERS AND LOSERS



Manchester goes for gold

Ian Hamilton Fazey on the costs of launching an Olympics bid

MANCHESTER has joined the billionaire bidding game that will preface the millennial Olympics. The British Olympic Association in London this week unanimously backed the city's bid to stage the games in the year 2000. Should Manchester win, the city's bid could be

started off last time by raising £2m and then had to go back to sponsors for another £1m to keep going.

The mood among north-west business leaders this time is bullish. "Everyone is going to take things much more seriously. We have had our rehearsal and now we know better what to do," said Mr Mel Harding, of the Manchester Financial and Professional Forum, which represents the city's financial industry.

Mr Harding, the Duke of Westminster acting as president, is in Manchester's name because the Olympics are always awarded to a particular city, but it will cover the north-west region, with various events staged in Cheshire, Lancashire and Merseyside as well as Greater Manchester.

The last attempt did more to unite the region than anything anyone can remember. Rivalry is more normal, especially

between Liverpool and Manchester. "It was a hell of a good thing for all of us," Mr Jeremy Weston, managing director of Barlows, a Chester-based investment group, said yesterday.

He added: "Everyone knows that a nine-year economic benefit will flow if we can succeed. Since this would have a wider impact than on just the region alone, we must also ensure that this becomes seen nationally as the British bid, with full backing from everywhere."

Mr Michael Potts, a partner of the Coopers Deloitte accountancy firm in Liverpool, was more cautious. "This is not a good climate in which to start raising money. Times are hard and we may need to see the recession further behind us before some companies will commit themselves."

However, Mr Scott has drawn up a list of Manchester he hopes will take the longer view already shown by NatWest.

On the list will be large companies headquartered in the north-west or with substantial interests there. It will almost certainly include ICI, Shell, Coats Vycella, Manchester Ship Canal, Littlewoods, Royal Insurance, Granada TV, Norweb, Manweb, North West Water, Manchester airport, Barclays, British Nuclear Fuels, Greenall Whitley, Patterson Zochonis, GEC, Ford, General Motors, the Co-operative Bank, Refuge Assurance, Amec and the Royal Bank of Scotland.

The bulk of those supported the bid last time and most accepted that it was in itself good for business, so success was not too important. A much clearer determination to win the right to host the games is now evident.

Mr Scott said Manchester City Council, led by Mr Graham Stringer, a Labour moderate, had agreed to underwrite the games on the strength of an assessment by Kleinwort Benson, the merchant bank, that they would be financially sound if the bid succeeded.

The two crucial factors were transport and the long-term viability of any facilities

UK NEWS

Merchant bank goes into administration

By Ian Hamilton Fazey, Northern Correspondent

EDINGTON, the five-year-old merchant banking arm of Henry Cooke, the Manchester-based financial services group, went into administration yesterday to safeguard £20m of depositors' funds after a run of withdrawals by local authorities.

Mr David Adams, chief executive of the Henry Cooke Group, blamed the difficulties of Chancery, the London financial services group, which went into administration in February. "Local authorities have about £20m frozen in Chancery and their

advisers have been telling them to be very wary of smaller banks," he said.

The result was that local authorities, which temporarily withdrew funds at the end of their financial year to balance their own books, have not been putting them back on deposit shortly afterwards, as before. Up to £15m was involved and that caused liquidity shortages.

"The bank's balance sheet remains strong," Mr Adams added. "Our action has been taken with the full

knowledge of the Bank of England. By going into administration, we can ensure an orderly winding down and all depositors will get their money back."

The action also protects the more important Henry Cooke Lumsden (HCL) stockbroking arm of the group. Both HCL and Edington are wholly owned by the group, in which Refuge Assurance has a 20 per cent stake.

HCL, one of the biggest stockbrokers outside London, has 27,000 clients and about £1bn under manage-

ment. It survived the 1987 crash with only 5 per cent cuts in staff. It now employs about 220 people in Manchester, Leeds and London.

Edington has had a bad debt arising from a fraud in the past two years, but Mr Adams said that had been well contained. It resulted in changes in Edington's senior management, however, including the departure of Mr Angus Scrimgeour, its co-founder.

Chancery had a similar type of deposit book to Edington, attracting

local authorities and some corporate funds.

Lending activities were different and Chancery suffered in the recession in property markets. Edington was involved in the relatively low-risk, low-priced and well spread northern merger and acquisition market, as well as regional lending for corporate expansion.

Edington's loans will now be managed by the administrator. The process of winding down is thought unlikely to take less than two years.

£200m plan for Cardiff development

By Anthony Moreton, Welsh Correspondent

TARMAC has put forward a £200m scheme to South Glamorgan County Council for redeveloping a site linking the commercial and shopping centre of Cardiff with its docks.

The proposed project falls within the boundaries of the urban development corporation set up four years ago to regenerate 2,700 acres of Cardiff Bay. It is the largest urban redevelopment being undertaken in Europe after London's docklands.

Mr Sam Pickstock, chairman of Tarmac Atlantic Wharf Developments, said in Cardiff yesterday the scheme would go ahead even if the proposed £125m barrage across the entrance to Cardiff Bay was not built.

The private bill to promote the barrage, which is seen as crucial to the development, collapsed in parliament last week. The government has since said it will sponsor a new bill of its own to get the measure of the statute book.

Mr Pickstock said: "This scheme means we are making a long-term commitment to Cardiff, not the next century. Nowhere in the south of England has the same potential for development and growth as Cardiff."

Mr Peter Mathias, director of Holden, Matthes, Alcock, the Cardiff architects which designed the scheme, said the centrepiece was a crescent based on London's Regent Street.

Tarmac was the first developer to operate in Cardiff, arriving three years before the government set up an urban development corporation in 1987. It has already spent more than £50m and committed another £25m on houses, commercial building and site clearance in the area.

Grosvenor Waterside, the property arm in Cardiff of Associated British Ports, has already announced a £150m scheme on 40 acres for a mixed development nearby.

Warning for Lloyd's results

By Lisa Wood, Labour Staff

LOSSES from US pollution and asbestos claims may have a serious effect on the results of the whole of the Lloyd's marine insurance market, Mr John Prentice, chairman of the Wellington Underwriting Group, warned yesterday, Richard Lapper writes.

Wellington said earlier this week it was asking Names (Lloyd's members) to provide more than £100m to cover losses incurred by two of the nine syndicates it manages.

Mr Prentice said such losses had increased significantly recently.

British Gas close to price formula deadline

By Deborah Hargreaves

BRITISH GAS must announce details on Monday of its review of prices it charges 1.7m domestic customers for gas, or face another clash with the Office of Gas Supply, its regulator.

Ofgas said yesterday it would make public its own proposals for the new tariff formula to cover gas prices for the next five years. Ofgas added, however, that Mr James McKinnon, its director-general, had not yet agreed a new formula with British Gas.

British Gas has scheduled an

announcement for midday on Monday when it must announce its response to Mr McKinnon's price proposals or face having the issue turned over to the Monopolies and Mergers Commission for a full inquiry.

Ofgas said it hoped agreement could be reached on Monday morning.

The regulator previously set the end of the month as a deadline for British Gas to reply to Ofgas's suggestions for a new pricing formula - the result

of an 11-month review. Under the present formula, British Gas raises gas prices to domestic consumers by the rate of inflation less an efficiency clawback of 2 percentage points. The company is also allowed to pass on the full cost of North Sea gas price rises to end-users.

The regulator is likely to push for an increase in the efficiency factor to 3 or 4 percentage points.

Many analysts believe that would give the company an

incentive to cut staffing levels and trim costs.

Ms Irene Hlimona, of London broker Société Générale Strauss-Turnbull, believes that on the basis of British Gas's profit forecasts for the next five years, an increase in the efficiency factor to 4 percentage points would halve the company's earnings-per-share growth from a rate of 9.5 per cent to 4.5 per cent.

Mr McKinnon has also

hinted that he would like to see the level of costs that the company can pass to consumers. So in future, the amount of North Sea gas price rises that can be passed on may be cut from 100 per cent to 75 per cent.

The new pricing formula may also include performance standards for British Gas. Since the company is a monopoly supplier to the domestic market, Ofgas believes it must force British Gas to set public standards of service on, for example, call-out times and disconnections.

NEWS IN BRIEF

Disruption threat to exams grows

By Ralph Atkins

THE prospect of disruption in this year's university exams heightened yesterday as lecturers' employers imposed an indefinite 5 per cent pay award above the normal negotiating machinery.

Ms Diana Warwick, general secretary of the Association of University Teachers, said: "This decision is an insult to staff and will create enormous resentment."

The AUT executive will meet on Monday, when results of a ballot of members on industrial action will be known.

Brittan urges EC ties

THE UK's past approach to Europe had not been "a successful strategy", Sir Leon Brittan, European commissioner for competition, said yesterday.

Sir Leon urged the government to take the lead in its own closer political ties, and said Britain's present positive approach was more effective.

"In the past the UK has sometimes tended to hang back, saving its energies for the last possible moment, when it has indignantly sought to reject compromises arrived at by others," he told members of Milton Keynes Chamber of Commerce.

Radar tests cancelled

TRAILS of a new air defence radar system in Wales have been cancelled by the Ministry of Defence.

The cancellation follows local opposition to plans to base the relocatable over-the-horizon radar at St David's airfield, Dyfed. The receiver will have been based at Blakelake Radio Station near Crickhowell, Powys.

"The depth of local feeling was something we took into account when reaching our decision," the MoD said yesterday.

Mr John Mason, treasurer of NatWest Investment Bank, told the court he attended a management meeting on December 17 held before County announced that it owned a 5.5 per cent stake in Blue Arrow which led to a loss of £25m. The general reaction to the draft announcement being discussed was shock and anger, he told Mr Nicholas Purcell, QC, prosecuting.

County NatWest, NatWest Investment Bank, UBS Phillips & Drew Securities and seven individuals all deny conspiring to mislead the markets over the result of the £237m rights issue.

After the issue, NWIB faced a total risk of almost £150m. Mr Owen organised an options hedge to protect against a fall in the share price. That covered 230m of the risk and realised a 230m profit, he said.

The trial continues on Monday.

Brooke says Irish talks will help to 'see off terrorists'

By Ralph Atkins and Our Belfast Correspondent

THOSE taking part in talks next week about the future of Ireland will "see off the terrorists", Mr Peter Brooke, Northern Ireland secretary, said yesterday.

British and Irish ministers met in London yesterday for their last conference under the 1985 Anglo-Irish Agreement before round-table talks involving both governments and the province's political parties start in Belfast on Tuesday.

A joint statement after the conference said that without "a renunciation of violence as a means of pursuing political objectives, there can be no place in the political process for those who espouse or support it".

Mr Brooke confirmed that "in the present circumstances" Sinn Fein, political wing of the IRA, would continue to be excluded from the talks process.

Unionists have opposed the 1985 agreement because of the role it gives the Irish Republic in the affairs of the province, but are now prepared to negotiate an alternative.

However, Mr James Molyneux, the Rev Ian Paisley, leader of the Ulster Unionist and Democratic Unionist parties respectively, said Unionist MPs could not talk with the republic's government until articles two and three of the republic's constitution were removed. They said they were participating in next week's talks as part of a UK team.

Debate over local tax dominates poll battle

By Ralph Atkins

THE Labour and Conservative parties are both banking on winning the debate over the replacement for the poll tax as electioneering for the Monmouth by-election begins and the local-election campaign enters its final days.

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"In the past the UK has sometimes tended to hang back, saving its energies for the last possible moment, when it has indignantly sought to reject compromises arrived at by others," he told members of Milton Keynes Chamber of Commerce.

Labour, which believes it has already established itself as the main challenger to the Tories, sent Mr Roy Hattersley, deputy leader, to campaign. The Liberal Democrats fielded Mr Paddy Ashdown, party leader.

In 1987 Labour came second, but the former Alliance parties were less than 2,000 behind. The present contest was caused by the death of Sir John Stradling Thomas, a former deputy chief whip.

Mr Hunt said the average Monmouth household would pay £194 under the Tory proposal compared with a rates bill of £243 under Labour's.

Mr Bryan Gould, Labour's shadow environment secretary, retaliated by claiming the Tories were favouring a scheme in which the average household would be "surcharged" to subsidise the wealthy and single-person households. Labour's proposal, he insisted, would cost the average household £27 less than the council tax.

The Liberal Democrats will this weekend outline the councils where the party expects to take control next week.

THE BLUE ARROW TRIAL

County holding shocked managers, jury is told

SENIOR managers at County NatWest reacted with shock and anger when they first learned of the size of the bank's holding in Blue Arrow and the resultant loss after the 1987 stock market crash, John Mason writes.

Mr Michael Harper, energy campaigner of Friends of the Earth, the environment organisation, said yesterday that the extent of the interest being shown in wind power exposed the "palty expectations" of the government for that form of alternative energy.

National Power confirmed that it had applied for wind farms on four sites, two in Cornwall and two in Wales. Each would produce 10MW. Powergen has applied for 2.5MW for itself and 10MW in joint ventures with others.

Companies have recently finished bidding for inclusion in the 1991 tranche of the Non-Fossil Fuel Obligation (NFFO). Under this system, renewable

energy projects - such as wind and wave power - and nuclear projects are supported by a levy on the power industry.

Mr Wakeham said he expected between 800MW and 1200MW to be included in the NFFO round this year. The bids submitted have topped 2500MW. That is equivalent to about 900 wind turbines compared with about 40 at present in operation in England and Wales.

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Mr Christine Downton, the chief executive of County NatWest Investment Management, was very angry at the implications for the reputation of her

division, he said. He later told Mr Alan Jones, QC, for Mr Stephen Clark, a County director and one of the defendants, it would have been "improper" for Ms Downton to have been told before the holding, agreeing that that would have breached a "Chinese wall" within the County organisation.

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Private schools learn to love competition

Andrew Adonis on the uncertainties behind an apparently thriving independent sector

ACCORDING to Mr David Woodhead, director of the Independent School Information Service (Isis), "The independent school sector is thriving." Such confidence masks an uncertain future for the sector after its prosperity in the 1980s.

The number of pupils at independent schools is up again (to 7.5 per cent of the school-age population), but the national total masks a marked decline in boarding numbers. Behind the figures, the pressure of competition is blowing harder than it ever did in the 1980s, fuelled by the declining numbers of school-age children.

The sector remains strongest at the post-16 level: a fifth of all sixth-formers attend private schools. Recent growth has been particularly marked at the lower end of the spectrum, with the number of pupils aged three to six up by some 5 per cent on last year.

It is not only boarding schools that look to the future with some anxiety. The recession is a pressing concern for them all. With annual fees averaging £3,600 (£6,700 for boarders), up 12.5 per cent on last year, many existing parents are hard pressed to keep up with the cost.

If the leading day schools are largely unscathed, their leavers are struggling to find places. Introduction of co-education and on-site prep schools are common responses among secondary schools.

Weekly and fortnightly boarding has helped to slow the trend. "It is an attractive formula," says Mr Anthony Hart, headmaster of Cranleigh in Surrey. "You get all the advantages of a boarding life, but the children don't lose contact with their families." Even so, weekly boarding accounts for barely one in ten of all boarders.

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HAGEMEYER N.V.

registered office in Amsterdam

ANNOUNCEMENT TO THE SHAREHOLDERS

At the publication of the 1990 results on February 26, 1991, it was announced that a dividend for 1990 of NLG 4.52 per ordinary share of NLG 20.- would be proposed to the General Meeting of Shareholders on May 1.

At the discretion of shareholders, this dividend may be paid either entirely in cash or partly in the form of a stock dividend of 1/32 Hagemeyer ordinary share (3 1/8%), to be paid either from the share premium account or, if desired, from retained earnings.

Hagemeyer now announces that the cash portion of this proposed optional dividend will be NLG 1.20.

Naarden, April 25, 1991

says Irish
I help to
terrorists
Niall Corcoran

1990 - a year of unexpected world turbulence

*Extracts from address by ICI Chairman Sir Denys Henderson
at the Annual General Meeting of Imperial Chemical Industries PLC
on April 26th 1991*

NINETEEN-NINETY was a year of sharply contrasting halves — reasonable growth in the first six months, followed by a serious decline in most economies of the western world. This was particularly acute in the UK, North America and Australia. If I remind you that Eastern Europe descended rapidly into political and financial turmoil, that much of Latin America continued to face harsh economic conditions, that many of our important customer industries (such as housing, construction, automobiles, textiles and consumer goods) slumped badly, and that in August the invasion of Kuwait resulted in drastic oil price increases — then I may justifiably describe 1990 as a year of unexpected turbulence worldwide. That was certainly true for the chemical industry, and ICI, despite its far-reaching structural changes in the 1980s, could not escape these dramatic developments.

Our 1990 pre-tax profits were well down on the record figures of 1989 but, at just under £1.0 billion, they remain substantial and much in line with most of our international competitors, who faced similar problems.

Nevertheless, they were disappointing, even allowing for the difficult trading climate. Some of our businesses performed very creditably, but a number of others were much less robust than we would have wished. We are therefore taking action to improve their performance through restructuring. This will include some divestments, further cost reductions and substantial reorganisation. You can be absolutely sure that a sense of urgency guides all our efforts. Fortunately, ICI was amongst the first to see the downturn coming, and the remedial action we took early on to strengthen our balance sheet, to conserve cash and to control costs has allowed us to maintain the dividend.

Acquisitions and divestments

Trading from June onwards became increasingly difficult as fears about the impact of the Gulf War reduced an already shaky business confidence. We were, however, able to conclude a number of important actions. We disposed of our stake in Enterprise Oil, acquired the 50% of Tioxide which we did not own and we bought the Atlas Powder Company in the USA to reinforce our global Explosives business. These are just three examples from sixteen acquisitions and twenty-one divestments which we completed last year as part of a reshaping process. We also reorganised our European businesses and created a new ICI Specialties grouping — both of which will improve efficiency and make us even more responsive to customer needs.

We do not yet see signs of the significant improvement in demand which is essential for a sustained recovery. The upturn should come eventually, although precisely when is hard to predict. Meanwhile, stringent cost control and the maintenance of a strong balance sheet must take priority, but not at the expense of our longer term goals.

Strategies and priorities

Last Autumn, my colleagues and I embarked on a far-reaching review of our existing strategies for both businesses and territories. Our conclusion was that ICI's strategy over the last decade was still directionally correct, but that it needed to be sharpened considerably. We need to be still more competitive, more international and more selective about where we put our resources. Our priority in the future must be given to those businesses where ICI already has, or can develop, a strong, global position in the three major markets of Europe, North America and Asia Pacific. We will concentrate on seven business groupings — Pharmaceuticals; Agrochemicals and Seeds; Specialties; Paints; Industrial Chemicals; Explosives; and a new Materials business which has been formed from ICI's existing expertise in Polyurethanes, Films, Fibres, Acrylics and Advanced Materials.

Businesses with real global profit potential will be priority candidates for expansion, while those without this potential will be maintained as cash generators or identified as candidates for divestment. We have allowed for the costs of further reshaping the ICI Group in the extraordinary item of £300 million which we have charged in the 1990 accounts. In every business and territory, efforts are underway to improve performance and we are determined to back strong businesses now and for the long haul.

We are not short of challenges. But we have excellent people to ensure that we grasp the opportunities of the 90s. To have weathered the last few stormy months has required the considerable skills and dedication of ICI employees everywhere. We value greatly each

There has been real progress on a number of fronts. Firstly, the innovative and responsible application of chemistry and related sciences will probably be the most important single factor in maintaining ICI's success in the future. Despite economic pressures, the Group has increased research and development expenditure to the point where, at £679 million, it is a marginally higher proportion of sales income than in 1989. We make reference in the Annual Report to three Queen's Awards for Technological Achievement and I am happy to say that we have just heard that we have received a further two. I am also pleased to report that we were awarded the prestigious Pollution Abatement Technology Award in the UK for an ICI catalytic process that removes unwanted by-products in a way that allows the products to be recycled. We can all be proud of the fact that through ICI technology we are improving the quality of life in many ways, which is consistent with our objective to ensure substantial profitable growth.

Secondly, I would refer to safety, health and the environment, where we have significantly stepped up our expenditure from over £600 million in 1989 to £740 million last year. Our safety performance is good. For example, our injury rate in 1989 was half that of manufacturing industry generally in the UK. But we still have some way to go before we are the equal of the very best in the chemical industry worldwide. I have set specific objectives regarding the environment which will be carefully monitored and effort and expenditure have increased. We have much to achieve before we can claim that we are operating in harmony with the global environment. But we are working extremely hard to achieve that part of the Group Purpose.

Finally, there is our long term commitment to shareholders and shareholder value. Let me assure you that everything we do has this as a key imperative. No one can be content with the fluctuation of our share price in 1990, and ICI was particularly affected in the early days of the Gulf War. On the other hand, the Board firmly believes that shareholder income deserves high priority and we were determined to maintain the dividend despite the adverse economic conditions. We have also responded to requests that we should consider introducing an ICI PEP, which does appear to have been particularly timely in the light of last month's Budget.

The future

So what of the immediate future? You will have seen from the first quarter's results that we are still in the grip of recession in many markets, although I do not think there has been any further deterioration since the end of last year. Indeed, the Gulf War has ended, oil prices have fallen to a more stable level and interest rates are slowly falling by modest steps. My crystal ball remains pretty cloudy about the next few months, but I suspect that 1991 may be the opposite of last year — a very difficult first half, followed by modest improvement in demand if conditions are right.

Critical to recovery is the restoration of business and consumer confidence. That, in turn, depends on much lower inflation and substantially reduced interest rates, adequate availability of credit to finance soundly-based investment plans, and a domestic currency which does not leave British exporters uncompetitively placed in world markets. Whatever the timing of these external events, it is clear that 1991 will be a difficult year. Beyond 1991, I believe that economic growth should resume, although probably at lower rates than in the second half of the last decade.

I remain optimistic that the products and processes of the chemical industry will continue to be much in demand in both the developed and developing worlds. I am also confident that the comprehensive review of policies and actions which I have described this morning will ensure that ICI shares fully in the opportunities before us.



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Just say no to Mr Bush

IS SLOW GROWTH about to be replaced by no growth in the world economy? Yes, according to the US Treasury. No, according to most forecasters, including the International Monetary Fund. The US administration's lobbying for a concerted cut in world interest rates is, therefore, likely to fall on deaf ears at this weekend's meeting of the finance ministers and central bankers of the group of seven industrial countries. At least the ears that matter will be deaf.

The recession in the US is not as serious as the administration suggests - to judge by the financial markets, at least. The Dow Jones Industrial average has risen by 10.5 per cent in the past three months alone, while the US dollar has risen by 18 per cent against the D-Mark over the same period.

Now do US economic indicators paint an overwhelmingly gloomy picture. The US is now in its third quarter of an unexpectedly deep recession; but surveys of consumer confidence have maintained their immediate post-war strength and housing starts are beginning to increase.

US monetary policy has been steadily easing over the past two years. But the Federal Reserve, worried by inflation and maybe seeing recovery, has appeared unwilling to cut interest rates further this week. Yet the US administration's call for a concerted international cut in interest rates is more than an attempt to put pressure on its chairman, Alan Greenspan.

With the US presidential campaign on the horizon, the administration is nervous that a home-grown recovery may be as slow and sluggish as was the onset of recession last year. Successive interest rate cuts have not stimulated spending by US consumers to any great extent. The added threat of a prolonged period of slow or even no growth in Europe and Japan sends shivers down the presidential spine.

New variation

No wonder Mr Bush is pursuing a new variation of a familiar theme: encourage the rest of the world to pull the US out of recession, by trying to convince it that this is in its own interest.

Yet the divergent aims and economic performance of the Japanese and Germans do not bode well for Mr Bush's chances.

The Japanese have kept a noticeably low profile in recent weeks as the duo of Mr Nicholas Brady, Treasury Secretary, and Mr David Mulford, Treasury under-secretary for international affairs, have hawked their wares. After over a year of tight monetary policy the

Japanese economy is slowing. Economic growth may slip below 4 per cent this year compared to 5.6 per cent in 1990 - a slump by recent Japanese standards, but unsustainably high for any other G7 country.

Policy co-ordination

Japan may ease interest rates over the next few months. But even if a reduction in their interest rates were desirable, the Japanese would be reticent over agreeing to another bout of policy co-ordination. The Japanese authorities blame the expansionary monetary policy that followed the 1987 Louvre accord for the Japanese asset-market bubble and the subsequent need to restore sanity to the Tokyo stock market.

In Germany, the next move may be up. The Bundesbank still fears that the west German economy is over-heating, never mind the economic collapse that is occurring east of the Elbe, which it blames on Mr Helmut Kohl.

Yesterday's announcement that wholesale sales in the western Länder rose by 10 per cent in real terms in the first quarter will have softened the Bundesbank's resolve, particularly with wage negotiations in the crucial engineering industry threatening to deliver wage rises of 6 per cent or more. Now, however, the weakness of the D-Mark over the past month has eased the worries.

It seems then that a concerted effort by the big three to stimulate the world economy by cutting interest rates is unlikely and undesirable. If the US economy does need a further monetary boost, what better time to provide it than after a month?

It is the recession-bound European economies, rather than the US, which have most to gain from a concerted cut in interest rates. A rise in interest rates in Germany combined with a cut in the US might push the D-Mark back to the top of the exchange rate mechanism and so make cuts in French, Italian and US rates more difficult.

Why, then, has Mr Norman Lamont aligned himself so firmly with the Germans against the Brady proposal? Perhaps he is suffering from an excess of zeal. Perhaps he believes that Treasury forecasts of imminent recovery, if he is among the few who do. But perhaps he realises that the UK government has almost no chance of engineering a strong recovery before the general election. If so, lower inflation is likely to be all the government can bring to the hustings.

Guy's managers and Department of

Proposed cuts at Guy's hospital have cast doubts on health reforms, says Alan Pike

Clouds over a commercial vision

Like ambulance sirens blaring in a noiseless night, the voices of managers at Guy's hospital have shattered the peace with which the government thought it had secured its National Health Service reforms.

Mr William Waldegrave, health secretary, spent the weeks leading up to this month's changes remonstrating with the business-like style in which they were first presented, and stressing the government's continued attachment to the NHS as a secure, caring public service.

He appeared to have succeeded. But health is the most politically volatile of public services, and less than a month after the calm introduction of the reforms, the first explosion has occurred. Managers at Guy's have announced that they are seeking £12.8m in savings, hundreds of job losses and the likely closure of some clinical services.

This is the greatest possible irony - and embarrassment for the government - in the fact that the first controversy over the reforms has come at Guy's, one of London's most famous teaching hospitals which became a self-governing trust on April 1.

Until earlier this year Mr Peter Griffiths, the trust's chief executive, worked in Whitehall as deputy head of the NHS management board. Ms Karen Caines, Guy's new general manager, went from the hospital recently from the Department of Health where she headed the division responsible for implementing the government's reforms. The reforms themselves were to an extent born at Guy's.

Lord McColl, professor of surgery in its medical school and one of the hospital's top doctor-managers, was among the trusted group which advised the government on its plans.

Guy's is run by people who played a prominent part in advancing the entire reform programme, and who are widely presumed to reflect official thinking. Yesterday this left staff at other hospitals fearing that Guy's, often described as the flagship of the reforms, was steering the rest of the fleet towards the commercial vision of balance sheet medicine which Mr Waldegrave has tried to dispel.

The government's opponents, meanwhile, are rejoicing in the fact that the crisis has sent the whole question of NHS funding spiralling back up the political agenda in what could be a general election year.

The service is justified by the logic

of the health reforms, under which hospitals are funded in relation to the value of contracts they win from

health authorities and general practitioners. "If contracts are not won then the trust has no future," said Mr Griffiths. "There is no fall-back position, as there was in the past, on a block sum of money appearing every year irrespective of how many patients were treated or, even, how they were treated."

For managers, a decision to concentrate on what Guy's does best is likely to make sound managerial sense under the contract-based funding arrangements; activities which do not meet this criteria would be left to neighbouring hospitals.

Many doctors fear, however, that the same financial pressures which have provoked the call for job cuts will tempt managers to concentrate on the most profitable activities. There is concern that unglamorous areas such as geriatric care and services to the relatively-deprived communities from which Guy's and Lewisham hospitals draw their local patients may be at risk.

Even if Guy's gets the staff cuts and financial savings it is seeking, this will only clear management debt for some even bigger potential problems.

The London teaching hospitals, as national centres of excellence, draw many of their patients from outside the capital. They are expensive institutions to run and, with contract funding, may show up as uncompetitive compared with local hospitals in the new market-based NHS. Health authorities in the home counties now operate under strong financial incentives to treat more patients locally rather than send them to London.

In addition, the regional allocation of NHS finance will in future be broadly related to population. This will point up an already established fact - that the capital has more than its fair share of hospital provision. Combined, these factors provide a recipe for aggressive competition between the London teaching hospitals, leading to the probable eventual closure of at least one - with many more financial dramas like this week's events at Guy's to follow.

Guy's will not be alone in seeking to reduce costs. The Bradford Hospitals trust is likely to shed 300 jobs over the next three years to save £7m. Leeds General Infirmary is reviewing its costs and the Royal London has a likely £1.5m shortfall this year. The problem is not restricted to trusts; all hospitals are now funded on the basis of the contracts they attract -

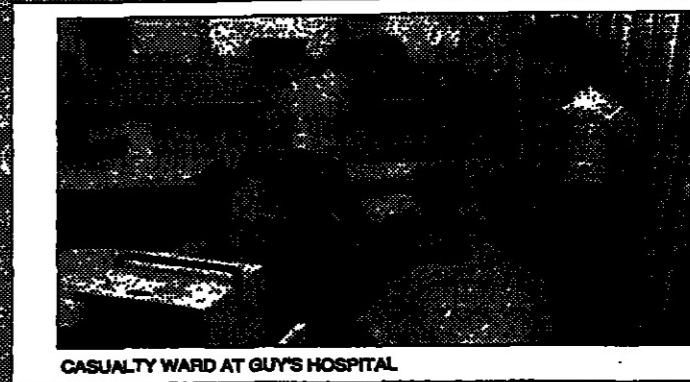
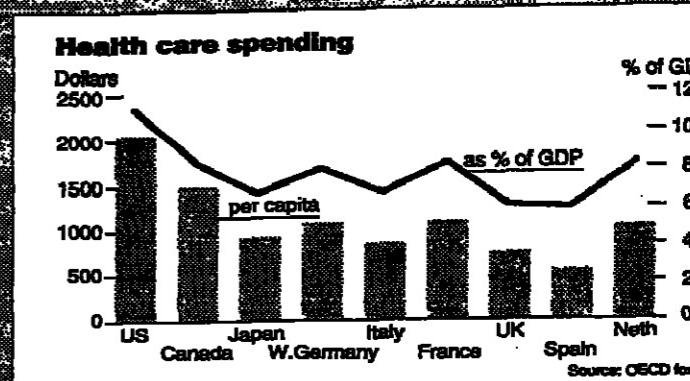
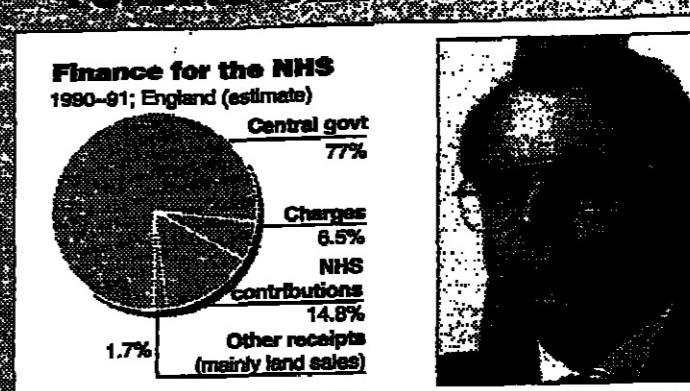
and trust managers will enjoy wider freedom of manoeuvre in tackling it.

All hospitals are heavily labour-intensive by the nature of their work - nearly 250m of the £12bn Guy's budget goes in staff costs. Many hospital staff on the lower grades are in poorly paid jobs where productivity and efficiency levels are often modest.

One of the biggest challenges facing managers is to find ways of lifting productivity, for example, by turning porters into multi-skilled general support workers, and increasing the use of cost-effective day-surgery treatment techniques. So, although the NHS will remain labour intensive, its managers are beginning to follow the trend in other sectors towards fewer staff doing more varied, highly-qualified jobs.

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BUDGETING FOR THE HEALTH SERVICE



CASUALTY WARD AT GUY'S HOSPITAL

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One of the biggest challenges facing managers is to find ways of lifting productivity, for example, by turning porters into multi-skilled general support workers, and increasing the use of cost-effective day-surgery treatment techniques. So, although the NHS will remain labour intensive, its managers are beginning to follow the trend in other sectors towards fewer staff doing more varied, highly-qualified jobs.

While public finance remains tight,

this is one of the most promising means of releasing more money for patient care. But, as the events at Guy's have shown, NHS managers do not have the same opportunities as their counterparts in industry to get there through quiet negotiation. Health is too much of a political battleground occupied by sectional interests for that.

Ministers hope that the introduction of self-governing trusts will eventually enable hospitals to be managed out of the political spotlight in a more local, low-key way. Eventually, perhaps, but not yet. By yesterday, the events at Guy's had provoked upper questions in parliament and demands for the scrapping of the health reforms. The prospects of the NHS being a dominant issue in the next general election remain high.

Guy's on the casualty list

Andrew Jack on the solemn mood at the London hospital

make redundancies easier."

A counsellor at Guy's said: "I think it's horrific. It's difficult to understand how a hospital that was declared viable when it applied for trust status can now suddenly be in such an appalling financial state."

In Helen Crimlisk, a senior house officer, said she was concerned, but still supported the principle of Guy's opting out. "Flagship

international affairs and their relevance for the Kurdish problem than most of his rivals.

He was particularly anguished when the Iranian government used Iraqi Kurds based in Iran to fight Iranian Kurds during the Iran-Iraq war. Like many Kurds, he espouses ideals of cross-border Kurdish nationalism but has come to accept that complete independence is not a goal which can be achieved in the teeth of opposition from Turkey, Iran and Iraq.

His aim now is an autonomous Iraqi Kurdistan within a democratic Iraq, an ambition acceptable to Turkey that he was invited to meet Turkish government officials in March. He is already close to the Syrians and sometimes lives in Damascus. As for the Iraqis, this is the third time that Mr Talabani has done serious business with the government in Baghdad, although this time the stakes are higher. Since he last met President Saddam in 1984, the Iraqi government has gone to the residents of Halabja and all but finished its programme of depopulating the Kurdish countryside by demolishing villages and deporting the inhabitants.

Some Kurds are inordinately proud of the 1970 autonomy agreement reached with Baghdad by Mustafa Barzani, and it is on this agreement that the proposed deal between the Kurds and the Iraqi government is to be based. Kurds admire the 1970 accord because it represents a far greater series of concessions from a central government than the Kurds have won in Iran or Turkey, but it remains a piece of paper of little respectability.

"He was always a shrewd politician and he has only one main occupation - the Kurdish problem," says Mr Kamran Karadagi, the Kurdish foreign editor of the Arabic newspaper Al-Hayat. "When he speaks about the Kurdish cause he talks with the same enthusiasm and emotion as he did when he was 15 years old."

They invariably urged him to stay, handed back his revolver, and yielded to his wishes. But one day, so the story goes, when times were hard in Kurdistan before the end of the Iran-Iraq war in 1988, an angry peshmerga

ple losing their jobs. But I think we've taken out a layer of administration. It was very difficult to embark on any change in the past.

"I hope they will take this opportunity to change the way the health service runs, to make it more efficient and relevant to the local population."

Professor Stewart Cameron, professor of renal medicine, said: "Flagship

Guy's is listing badly. There's no fat, there's practically no muscle and we are virtually down to the bone."

He said consultants - who voted convincingly for Guy's to become a self-governing trust - were told the hospital had been projected to make a £1.5m surplus in its first year.

"How is it that they got their estimates so catastrophically wrong?" he said. "And how can we have any con-

fidence in people who have made such a devastating mistake?"

A hospital porter said: "I think it's scandalous. We're already understaffed. A lot of rumours have been going about but they never tell us anything. I suppose there's not much we can do about it."

A pharmacy assistant was more stoical. "I've been here a long time," she said. "I could retire in three years. If they fire me, that's OK."

"It's a shame," said Mr Ron Kiley, a pensioner who has used the hospital for many years.

One woman smiled as she hurried past. "I'm not prepared to comment, but let's just say this. The wrong people will be going."

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Jewell is 150

Once upon a time there was a bright and enthusiastic secretary of state for the environment, called Nicholas Ridley, who was particularly enthusiastic about a bright new idea called the community charge.

Introducing the new idea to the House of Commons in December 1987, he announced that "every authority will be able to levy exactly the same community charge - £178 this year - to provide a standard level of service efficiently. A higher charge will be a direct result of higher spending; a lower one will mean greater efficiency and prudence".

A little less than two years later the UK found itself with another bright, but less enthusiastic secretary of state, called Chris Patten. One reason for his lack of enthusiasm was the Treasury's pronounced unwillingness to finance the bright new idea. In November 1989 he announced that charge-payers in England were now expected to pay an average community charge of £278 in the coming financial year.

When the community charge - or poll tax as it came to be called - was introduced, its average level in England turned out to be £287. In just two and a half years, the starting level of the new tax had doubled (though after the reduction schemes and transitional reliefs and income support, the average actually paid was "only" £285).

How was it possible for the level of the community charge to exceed that initially expec-

"We are making such a large turn that it is beyond anyone's dream. No other people has experienced what has happened to us" - Mikhail Gorbachev, speech in Khabarovsk April 15 1991.

The Soviet people have been told in the past week that their country is indeed making yet another "large turn". Mr Mikhail Gorbachev, the Soviet president, has signed a statement with Mr Boris Yeltsin, the Russian president and the leaders of eight other republics which commits them all to supporting order, ending strikes and the pursuit of an anti-crisis plan. The signing of this statement greatly helped Mr Gorbachev top down attacks from his hard-line critics at the party Central Committee plenum: his resignation offer completed their collapse.

The world's greatest political acrobat, who has been on his knees in recent months, showed that he was merely crouching to take another gravity-defying bound.

At the same plenum, Mr Valentin Pavlov, the squat, close-cropped trutcher who is his prime minister, said he was keen to form a "more broadly-based" government composed of representatives from the republics and other non-communist

Martin Wolf explains how the successor to the community charge could suffer similar pitfalls From one bright idea to another

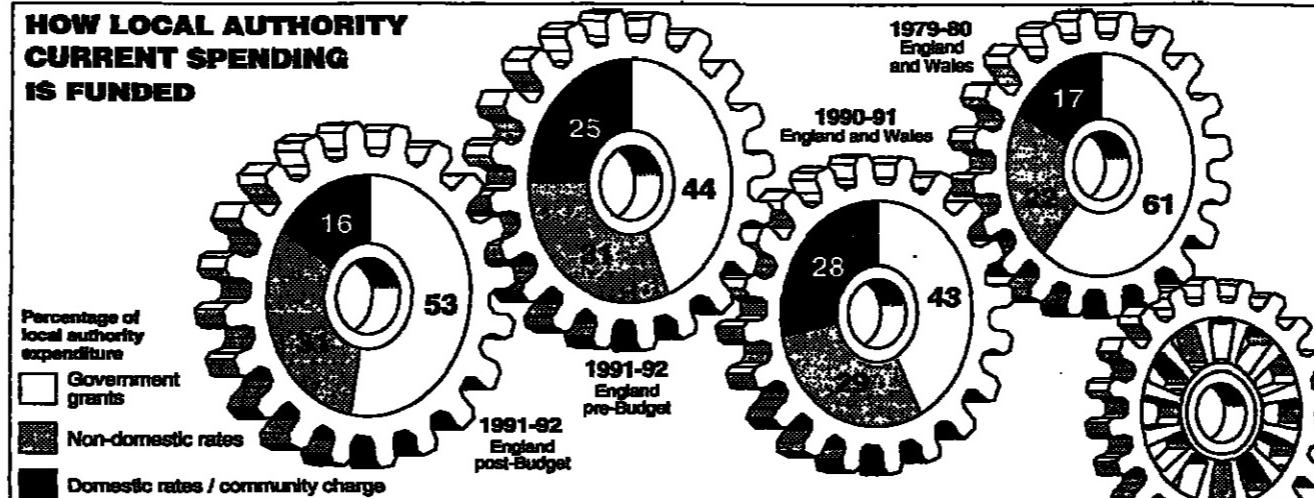
ted by so huge a margin? The answer lies in its leverage. All local authority spending above government assumptions fall on a tax that accounted for about a quarter of local authority current spending and 20 per cent of total spending.

Given this degree of leverage, the chances of huge divergences from government expectations were high. But was that not the whole point of the exercise? Not, as the government soon learned, if the overshoot could be laid at its own door rather than that of the local authorities.

The difference between the assumption in November 1989 and the outcome a few months later was due not to local politicians, but to predictions. Ministers were forced, by Mr Nigel Lawson's Lawton's amendment that local authority expenditure would increase by 5.8 per cent in the following financial year. This was below the Treasury's forecast of 5.4 per cent for the increases in the retail prices index in the year to December 1990, itself enormously below the outcome of 10 per cent.

The community charge was killed off by the Treasury. A tax designed to make any increases in the burden upon it

HOW LOCAL AUTHORITY CURRENT SPENDING IS FUNDED



was unpopular as possible was taken in 1990-91 to cover a higher proportion of local authority spending than in any year of the 1980s.

Now the UK has another bright, enthusiastic secretary of state for the environment. Indeed, he is secretary of state, partly because of his party's panic over the old bright idea. He has a new bright idea. It is called the council tax.

Will the new bright idea suffice for the fate of the old bright idea? Mr Michael Heseltine, the once and present secretary of state for the environment, says that this year a couple living in a house in the middle of his seven bands and under a council that spends in accordance with his department's Standard Spending Assessment (SSA) would pay £240. A couple living in the lowest band

would pay £267, while a couple in the most expensive would pay £588.

Just think of the hubbub over all those numbers were to double by April 1993. Could that happen?

One reason that it might is Mr Heseltine's success in rapping the Treasury. By persuading the Treasury to increase value added tax by two and a half percentage points in the

government hopes, but that there were to be no increase in central government support for local authorities. Then the new council tax would be double Mr Heseltine's current estimate. Nothing, it would seem, could be more likely than that, given the Treasury's dreadful forecasting record on inflation and the fact that the closest approximation to inflation in local spending is not the retail price index, but the increase in earnings.

Is the Treasury going to increase its contribution by the rate of pay inflation? One must wonder, particularly when one recalls that, in a moment of dementia, the increase in the business rate, now a national tax earmarked to local spending, was limited to the increase in the retail price index.

That has worked well for the government this year. Next year it will not. In the long run the retail price index will rise perhaps two and a half percentage points less rapidly than local authority costs, this being the long run increase in real wages. Thus, grants from the Treasury to local government would probably have to rise still faster than local authority costs if the share of

spending in 1993-94 were to be around 10 per cent higher than

council tax were to be kept where it is now expected to go.

The problem of leverage does not only arise for the burden of locally set taxation overall. It also arises across councils. Wandsworth will have no community charge this year, while Lambeth's charge for two adults will be £901. For the median band of the council tax the taxes would be £135 and £501, respectively.

Yet the spending of the two councils diverges only modestly from the Department of the Environment's assessment of needs plus 6.5 per cent for Lambeth and minus 8.7 per cent for Wandsworth. Out of these divergences from what the man in Whitehall thinks he knows best, vast differences in taxation emerge.

The government has never shown itself particularly concerned about such inequities. But it is concerned about huge council bills. The secretary of state may comfort himself with the thought that this time an election comes between announcing the bright new idea and putting it into effect. He may hope that the Treasury will be sufficiently amenable to the task.

But if the worst comes to the worst, he will every council to every

Like any modern fairy story, this one will not have a happy ending. It was the tax that disappeared last time. This time it is more likely to be what remains of discretionary local services. If readers want clean streets, they had better get used to picking up the rubbish themselves.

Turn and turn again

The Gorbachev balancing act goes on, writes John Lloyd

political movements "on the basis of compromise, law and order and democracy". The party instantly professed itself overjoyed at the prospect of diluting its 78-year-old monopoly on power.

Logically, this is momentous; it constitutes a series of events as important as any that have occurred in the six increasingly lean years of perestroika. In Moscow, however, rats are being smelled. Why has Mr Yeltsin signed a statement that promises repressive measures against the strikers he has backed? Why has Mr Gorbachev, who said at the beginning of the year that the preservation of the Union was his "sacred task", apparently promised independence to those republics which want it?

Why is Mr Pavlov now so accommodating after saying on Monday that coalition governments were "not a business" and what is he offering, and to whom?

Mr Grigory Yavlinsky, the clever young economist who was the Russian government's deputy premier, says that the Soviet Union faces, all at once, movements and transformations which in other countries had taken centuries or at least decades. These were, first, the creation of a civil society; second, a

series of liberation movements, freeing themselves from empire; and third, the restructuring of the economy. Taken together, these added up not to a crisis but to a profound and unprecedentedly radical transformation.

Can these vast, diverse movements be handled through political institutions: or is an explosion, sooner or later, inevitable?

The main institutional medium adopted by the Gorbachev-Pavlov government for attempting to do so is the anti-crisis plan. As presented, it is a middle course between two extremes: doing nothing (certainly an extreme course in today's Soviet Union) and adopting a plan of the type advocated by Mr Yavlinsky and Professor Stanislav Shatalin last year, and known as the "500-day programme". He claims the first would see a drop in production of 20 per

cent and a total of 13m-18m unemployed; the second a drop in production of one third and more than 25m unemployed.

Mr Pavlov's plan

would mean production falling by about 15 per cent, and unemployment rising by less (he does not say how much). Its claim to effectiveness is thus that it is the best of a string of bad options.

Its main provisions, shrouded in ambiguity, are:

• to stop inflation by controlling the money supply and cutting subsidies;

• to recover the revenues stripped from the union budget by the refusal of the republics to hand over their agreed contributions. All decisions taken by republican governments which run counter to this will be suspended;

• to stimulate the enterprises by reducing profit taxes and allowing the retention of hard currency where the profits are invested in

the production of consumer goods;

• to encourage foreign investment through the granting of concessions, allowing the repatriation of profits in hard currency;

• to conclude a tripartite agreement between government, management and labour on wages which would tie wage rises to increased production and productivity;

• to "destatise" medium and large enterprises by transforming them into shareholding companies (with shares held initially by the Union and republican governments);

• to "privatise" small businesses and shops as soon as possible.

For the influential critics on the liberal wing the programme is largely seen as a sham. Mr Nikolai Petakov, the former presidential economic adviser, says it is "a route to communism" and "a mere rationalisation for inertia or, worse, for a partyocracy which resists to change".

Yet the political underpinning

for a still undefined stabilisation seems to be clotting into place. Mr Yeltsin, justifying his vote-face to his own supporters on Thursday, talked of new freedoms for the republics and a Gorbachev resigned to accepting that they would determine the shape of the union treaty (and the union constitution), not the centre. The statement also holds out the prospect of new union elections by the end of the year: the tantalising prospect is, does this include an election of the union president?

It is fearlessly fragile. The economy continues to plumb. The government is unpopular, and will have to effect a really radical change in its membership. This could perhaps resemble that which followed the round table talks in Poland two years ago, after which (the lesson has been well learned here) the communists dropped from real power like a stone. The Baltic republics, with Georgia, Moldavia and Armenia do not want to join the new union. The hardliners may have missed taking Mr Gorbachev's head, but they live to growl, and perhaps strike another day.

For the moment, a "large turn" is official policy once more. How far will it get this time round?

LETTERS

All bogged down in a myth of a cottage industry

From Mr Lee St Lawrence.

Sir, One does not challenge such a respected gardening authority as Arthur Hellyer with impunity but I am afraid that his article "All in a mire over peat" (April 20) gives a false impression of peat production and the horticultural value of peat.

The article, supported by the photograph, suggests that digging peat is a kind of a quaint cottage industry in Ireland serving Saturday gardeners in Britain. It isn't. It is a very big business driven by a "market-led approach", to quote the annual report of one Irish peat producer, whose production is about 7m tons a year and whose export sales of horticultural peat products, mostly to the UK, are in the order of £25m a year.

It is not the peat digger of the photograph who has traditionally

such a low carbon footprint for his fire brick, who has caused the peat alarm. It is rather the giant companies, gang milling and "using the vacuum technique" to harvest the peat bogs to the tune of more than 25m tons a year.

Mr Donald Beaton, a celebrated gardener and gardener-writer in the 1940s and 1950s, Prof John Lindley, the secretary of the Royal Horticultural Society, and James Veitch, keeper of the Royal Botanic Nursery, all endorsed horticultural techniques of their day, recommended the use of "coconut-coir refuse", or what is now called "coir", as a replacement for leaf mould and superior to peat. At that time peat was a waste product of the Millwall and Kingston-upon-Thames rope and matting industry that imported coir fibre from India and Ceylon. The demand for "coir not refuse" became so great that eventually and with the

advent of the steam ship, supplies ran out and gardening went back to leaf mould and sterilised soil until the 1950s.

The Royal Horticultural Society library is replete with favourable and advisory references to the horticultural virtues of coir. More recently, Geoff Hartshorn, of the RHS's Gardens World, stated in the journal Horticulture Week (March 5): "My own trials have indicated that coir composts will give perfectly good results for home gardeners and I shall be recommending them for this season."

Mr Hellyer is perfectly correct in saying "It is high time that the gardening public ceased to be bamboozled".

But who's bamboozling whom?

Lee St Lawrence,
Jenkins Well,
Deal, Kent

An unfair way to pay for TV

From J.H. Bescoby.

Sir, A point not mentioned by Christopher Dunkley in his fascinating overview ("The BBC at bay", April 20) of the BBC's place in contemporary society is that the current method of financing the corporation severely limits the viewer's choice.

Legally, if he wants to watch television at all, he must pay the television fee. Even if he abhors the BBC's offering high-brow or low-brow, art, or watches only MTV, Channel 4 or satellite, he must buy a licence. All of us, in fact, are compelled to support the corporation financially.

I find this unfair and unacceptable. If some other method of financing the corporation were to be devised which offered the choice of watching and paying or not watching and not paying, then I would be happy for the BBC to continue enjoying its reputation.

But why should we be compelled to pay? The licence fee is akin to a form of taxation which almost all must pay whether or not they avail themselves of the corporation's broadcast services.

J.H. Bescoby,
45 Pitman Court,
Lower Swanwick,
Bath, Avon

and finally, just maybe, a belief in one's own product.

Both government and population have a lot more to put right in the attitude department before the exchange rate will have any effect at all.

Ian Morris,
general manager,
Linde Hydraulics,
Mappleton Way,
Abingdon, Oxon.

Hard to pay — costly to borrow

From Ms Sally Lamm.

Sir, Further to R. Bradley's letter (April 19), may I add access to the list of UK financial institutions which have not yet come to terms with "abroad"?

While UK Access statements are apparently sent through the post, those going abroad are sent via a mailing company, and there is invariably a considerable time lag between the date of the statement and its arrival here. Although I send on a cheque at once, I have on some occasions been charged interest which I have not incurred.

Repeated correspondence requesting that this be remedied and my statement be sent through the post has produced very evasive replies, plus the suggestion that I ask someone in England to settle payments for me "during your temporary absence from England".

I have now been living in Germany for nearly 20 years and am astonished that some one at Access in Southend appears to know what my plans are.

At the very least, I detect disapproval of my being so unpatriotic as to live elsewhere, and perhaps this is the maledomour for which I am being charged interest?

Sally Lamm,
Leipziger Strasse 3,
6000 Frankfurt/Main 90,
Germany

Exchange rate not the culprit

From C.J. Feil.

Sir, For heaven's sake let's stop blaming the exchange rate for British manufacturing industry's poor performance in the competition for a fair share of world trade. On an exchange rate basis German products in Britain should be some 35 per cent dearer than they were eight or nine years ago, during which time the D-Mark's rise has gone from 4.5 to 2.95.

Also in that period, the German slice of British business has continued to grow.

I wonder if it could have anything to do with the right attitude to quality, financial structure which supports manufacturing, the ability to plan and invest for the long term

Football index

From Mr Ned Blower.

Sir, Following Observer's comments (April 23) about the rise in football programme cover prices after Sunday's Rimellos League Cup Final, would it be possible to re-base the programme index to allow for the increased size and number of pages, paper quality and colour improvements etc?

I wager the price per square inch alone would justify a large part of the increase. Colours are a bonus.

Ned Blower,
Trotton Court,
14 Finsbury Square,
London EC2A 1BR

Exchange rate not the culprit

From Mr Ian Morris.

Sir, Although The Prince of Wales may regret the decision of the Bank of England to remove Shakespeare from its 20s note, he may have overlooked the noble Bard's well-established presence on our plastic money: our cheque guarantee cards.

UK COMPANY NEWS

£49m rights issue will lift group asset base to £94m

Guinness Mahon shows £35m loss

By David Lascelles, Banking Editor

GUINNESS MARON Holdings, the merchant banking group, yesterday confirmed plans for a 24.3m rights issue following disclosure of midway losses of £35.5m mainly due to provision against bad debts. The Bank of Yokohama, which owns 55 per cent of the company, will effectively underwrite the issue and tighten management control.

The issue will be on the basis of seven for four at a price of 44p. The shares closed last night unchanged at 45p.

Bank of Yokohama will take up its entitlement, and will also co-underwrite the balance, which is being underwritten by Schroder-Wings and Lehman Brothers International. The Japanese bank will advance Guinness Mahon a £50m bridging loan so that its capital ratios remain in order until the rights issue proceeds are received. The issue will raise the group's net assets from £44.4m to £93.6m.

Details of the capital-raising were accompanied by changes in the top management structure and group strategy.

Mr Geoffrey Bell, the executive chairman, will move to a non-executive role. Mr David Potter, who runs the merchant bank, will become chief executive of the group and chairman of the merchant bank. Bank of Yokohama's representation on the 12-person board will rise from three to four with the



Geoffrey Bell, relinquishing the reins of power

appointment as a non-executive director of Mr Takasaki Shinzaki. He will also become deputy chairman of the merchant bank.

More Yokohama executives will also join Guinness Mahon's management, and will play a larger part in credit and lending decisions. Several executives have left the group, and a number of new appointments were announced yesterday.

Mr Bell said the group's strategy would be refocused

away from corporate lending towards fee-earning services, particularly in the corporate finance area. Asset management and securities trading, both of which are benefiting from the recent upturn in the stock market, would also be developed. Leasing activities would be closed down.

However Mr Bell warned that it might be necessary to make further loan loss provisions, and the bank was unlikely to return to profitability for some time because loans

were not earning interest.

"The next stages in the development of GMH will be very challenging and the need to succeed is paramount," said Mr Bell.

The results for the six months ending March 31 showed a loss of £35.5m, mainly because of a bad debt provision of £30m. The leasing division, which concentrated on smaller computing service and printing companies, needed a provision of £7m. The property book required provisions of £2m, as did the Irish subsidiary, and the shipping book.

There were also provisions of £10m against two large corporate names, one of which is believed to be Poly Peck.

Non-merchant banking activities made a loss of £482,000.

In the first six months of last year, there was a net profit of £2m.

No interim dividend is to be paid (0.8p), a total of 1.45p was paid last time.

Mr Ken-ichi Ozawa, deputy chairman of GMH, said the Bank of Yokohama had confidence in the new management team and its ability to overcome "this difficult situation". He said he believed the group could "regain its position and reputation as an important force in UK merchant banking capitalising on its Japanese connections."

Watson & Philip £36m buy and rights

By John Thornhill

WATSON & Philip, the Dundee-based food and stores services group, is to expand its wholesaling and retailing interests through the acquisition of Amalgamated Foods, a privately-owned business, for £25.5m in shares.

The company is also making a cash-call of £11.2m which shareholders can subscribe for on a three-for-five basis at 225p per share. W&P's shares rose 5p to 225p yesterday.

The acquisition will double the size of W&P's business and extend its coverage into the English wholesale and convenience stores market.

Both W&P and AF are suppliers to stores in the Spar and VG symbol groups. W&P services some 180 independent retailers and owns 37 convenience stores in Scotland while AF deals with over 1,000 independent food outlets in England and runs 32 wholly-owned convenience stores trading in the Alldays format.

Mr Ian Macpherson, chairman of W&P, said yesterday: "We have been walking out for a long time together. In March we decided it was time to go to church and at 5.15 this morning we tied the knot."

The acquisition will be financed through the issue of shares worth £21.8m to the vendors and a placing of a further £13.7m of shares on the vendors' behalf.

Robert Fleming has undertaken both the vendor placing and the cash-call although gauging from W&P's steady share price yesterday it looked as though the issues had been well-received.

Mr Ron Jacques, chairman of AF, and his family holding account for 80 per cent of the company's shares.

Following the acquisition, AF's vendors will end up with 24.7 per cent stake in the enlarged W&P although they will be bound by a standstill agreement.

Mr Macpherson said the food distribution industry was in a process of rationalisation as had been demonstrated by Booker's £300m acquisition of Fitch Lovell last September.

"We will now be in the top three or four in the industry," he said. "We wanted to make sure that we were the rationalisers rather than the rationalised."

The enlarged company will be combined on a merger-accounting basis. This will have given the company combined sales of £247.9m and pre-tax profits of £10.4m in the year to October 26 1990. W&P's earnings per share would have shown an 11 per cent improvement.

Correction
VLSI partnership

VLSI, US-based semiconductor supplier, is the third partner in a new company set up with microcomputer companies Acorn and Apple and not IASI Logic as reported yesterday.

£39m rights issue will give Lyonnaise 12% of McAlpine

By Andrew Taylor, Construction Correspondent

THE SHARE price of Alfred McAlpine, the construction and house building group, fell by almost a tenth yesterday after the company announced a 1-for-2 rights issue to raise £28.5m.

As a result of the issue Lyonnaise des Eaux-Dumez, one of Europe's biggest construction companies, would increase its stake in McAlpine from 6 per cent to 12 per cent.

Mr Graeme Odgers, McAlpine's chief executive, said the two companies had previously agreed that Lyonnaise could increase its shareholding to 12 per cent. He had been assured that the French group had no intention of making a bid for McAlpine.

Lyonnaise will increase its stake by buying the bulk of the new shares issued to the McAlpine family trust by the rights issue.

The family's stake in the

business would fall from 25.6 per cent to 19.5 per cent.

It was the second day running that a cash call from a construction company had been poorly received by the beginning of January.

Mr Odgers said the company needed the money to reduce its high level of borrowing and to strengthen its UK house building and contracting businesses. It would also be looking to invest in its US contracting and building materials operations.

Group borrowings were averaging £80m, equivalent to more than 60 per cent of shareholders' funds.

Pre-tax profits for the 12 months to the end of October fell by 61 per cent to £22m. The group has reorganised its businesses, reduced its workforce by 8 per cent and strengthened its management following the appointment of Mr Odgers.

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Provisions cut NHL by 35%

By David Barchard

PRE-TAX profits at National Home Loans, the mortgage lender and financial services group, fell by 35 per cent in the six months to March 31 after the group was forced to make heavy provisos against bad debts.

Taxable profits for the period were £1.0m, down from £1.6m in the same period a year earlier.

Mr John Darby, chairman, said the group had been hit by the most difficult housing market for 50 years, but he was confident that the downturn in profitability would be only temporary as the underlying performance of the group was more than satisfactory.

Mr Darby disclosed that the group had been the subject of a fraud which, he said, was under investigation by the Serious Fraud Office. This had caused a loss of £3.5m to the group, of which £2.5m, net of tax relief, was taken as an extraordinary item.

The loss related to lending through the Castlegate Group, a second mortgage and consumer finance broker in Reading, which went into creditors' voluntary liquidation in December.

Provisions for other bad debts, including mortgage arrears, rose from £200,000 a year ago to £1.6m. Mr Kevin Milner, chief executive, said that just under 1,000 homes had been repossessed by the group. Its mortgage book now stands at £1.7bn, down from £2bn at the end of last year. New lending in 1991 has risen to

£500m, up from £450m in the same period of 1990.

Most of the group's subsidiaries were said to be performing satisfactorily, though the group's leasing subsidiary made a loss. Interest receivable was £178.9m (£194.6m) while interest payable was £183.2m (£162.5m). Total operating income was £24.5m, up from £20.6m, while operating expenses per share fell from 7.4p a year ago to 3.4p, but the interim dividend is being maintained unchanged at 3.75p.

COMMENT

A year ago NHL looked as if it had found a way to come almost unscathed through the depression in the housing market. The jump in its level of provisioning since then suggests that it was unduly complacent and is now paying the price. Nonetheless, there are some signs of strength in its latest set of figures. Income is healthy up. Mortgage arrears are said to have peaked, while margins have widened. On this form, the group seems on course for profits of around £20m by the year end, and a sustained dividend. But as with all mortgage lenders this will depend on how quickly the mortgage market revives. Meanwhile, its performance has a distinctly fragile appearance, which is not helped by greater reticence than in the past about supplying details of how its subsidiaries are faring.

Granada expected to take over BSkyB satellite TV rental side

By Raymond Snoddy

GRANADA GROUP is expected to take over the satellite rental business built up by Mr Rupert Murdoch's Sky Television in the early months of the satellite venture.

As the result of Granada taking over more than 200,000 rental agreements for satellite dishes and receivers, giving a boost to the company's rental division which already has some 2.5m customers. The deal, expected to be signed soon, will mean additional revenues of more than £25m a year for Granada.

Mr Murdoch set up his own rental organisation in the early days of Sky when there was an overwhelming need to increase the number of viewers as quickly as possible.

Since the merger of Sky Television and its rival British Satellite Broadcasting in November to form BSkyB, a consortium in which Pearson, publishers of the Financial Times, has a significant stake, the television company has been less interested in being directly involved in rental.

The deal is effective compensation for Granada's losses on surplus BSkyB satellites. Granada was stuck with about £20m in redundant stock because of BSkyB's said it would be paid.

Apart from revenues of about \$10 a month from each satellite rental customer, Granada will also collect film channel subscriptions from them for BSkyB.

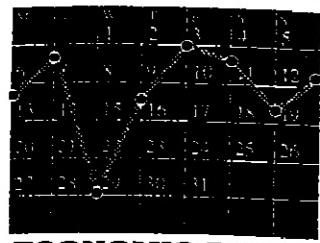
The final dividend is a proposed 25p (15p) to make a total of 31p (25p) for the year.

Jones Group up 7% and lifts dividend

THE JONES GROUP, a Dublin-based engineering company, reported taxable profits of £45.5m (£43.9m) for 1990, up 7 per cent from £35.7m last time.

The recommended final dividend is raised by 10 p to 95, marking a total of 12p (11p).

The sale of the two environmental companies

**ECONOMIC DIARY**

TODAY: Mr John Major, prime minister, holds health service summit at Chequers. Mr Toshiaki Kaito, Japanese prime minister, visits Malaysia at the start of south east Asian tour (until April 29).

TOMORROW: Group of Seven industrial nations meets in Washington. Defence ministers from five nations will meet in Kuala Lumpur for a joint naval exercise of the Five Power Defence Arrangement (FPDA); ministers from Australia, Britain, Malaysia, New Zealand and Singapore will reaffirm their commitment to the 20-year-old pact which provides a security umbrella for the Malaysia-Singapore region.

MONDAY: US single family home sales (March); personal income (March). Financial Times holds "conference

"World pulp and paper" at the Hotel Inter-Continental in London. UN General Assembly resumes for one-week session devoted mainly to procedural issues. African National People's Conference due to start in Kinshasa.

TUESDAY: London sterling certificates of deposit (March). Monetary statistics (including building society balance sheets) (March). Bill turnover statistics (March).

Sterling commercial paper (March). CBI industrial trends survey (March). New vehicle registrations (March). US employment cost index (first quarter); collective bargaining (first quarter). Mr Peter Brooke, Northern Ireland Secretary, opens all-party talks in Belfast on the future of the province.

WEDNESDAY: Overseas travel and tourism (January/February). Advance energy statistics (March). Brokers and cement production and deliveries (first quarter-provisional). US leading indicators for March. Mr Douglas Hurd, foreign secretary, starts visit to Kuwait and other Middle Eastern countries.

THURSDAY: UK official reserves (April). UK local elections throughout England and Wales, excluding London.

The two-day 11th Japan-Australia ministerial committee meeting, held every two years, opens in Canberra.

FRIDAY: Cyclical indicators for the UK economy (April).

FT-ACTUARIES SHARE INDICES

* The Financial Times Ltd 1991. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

Friday April 26 1991

& SUB-SECTIONS

Figures in parentheses show number of stocks per section

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INTERNATIONAL COMPANIES AND FINANCE

Mondadori factions close to agreement on break-up

By Haig Simonian in Milan

Mr CARLO De Benedetti and Mr Silvio Berlusconi, the two warring Italian businessmen, were last night on the brink of an agreement to divide Mondadori, the country's leading media group, with a turnover in 1990 of L2.400bn (\$1.9bn).

Buried last-minute hitches, the settlement will end one of Italy's longest-running corporate battles, and one which has also had far-reaching political overtones given the importance of Mondadori's media interests.

It gives Cir, Mr De Benedetti's holding company, control of *La Repubblica*, Italy's biggest-selling newspaper, and *L'Espresso*, the country's second biggest weekly news magazine.

The agreement is broadly

along the lines of the division of the company discussed, but never finalised, in abortive talks between the two sides last summer.

The deal ends months of uncertainty during which Mr De Benedetti lost, regained, and then once again lost control of the group, amid court decisions and boardroom shifts which analysts believed were heavily influenced by political considerations.

However, as the pendulum swung first one way and then the other, it became increasingly clear that the ultimate loser was Mondadori itself.

"The turnaround is here," said Mr Hans Woltzschäke, chief executive (pictured below).

Puma had hoped this would be achieved in 1990, but was hit by supply problems in the Far East and made a loss of DM6.5m (\$4.5m), against a DM1.6m in 1989.

Shoe production in the Far East was partly shifted from Taiwan and South Korea to lower-cost Indonesia. However, organisational and logistical problems there, as well as a fire in the Philippines factory forced Puma to pay DM10m in air freight costs to

The bank has been undergoing radical restructuring. Mr Thompson said yesterday that operating expenses, excluding restructuring and credit-related items, were 17.5 per cent lower than in the first quarter of 1990.

Capital ratios remained "well above" levels required under 1992 risk-based capital guidelines. The Tier 1 capital ratio at March 31 was 5.75 per cent, compared with 4.18 per cent a year earlier and 5.84 per cent at the end of 1990. Non-third world loan loss reserves were built to US\$500m.

The result, which follows losses of \$164.3m and \$111.5m in the previous two quarters, was described as "very disappointing" by Mr Geoffrey A. Thompson, president and chief executive. Additional domestic commercial loans had been classified as non-accruing, and there was a \$109.4m provision for losses on such loans.

Deficit at HK bank subsidiary

By John Elliott in Hong Kong

MARINE Midland Banks, the troubled New York-based subsidiary of the Hongkong and Shanghai Bank, has reported a first-quarter net loss of US\$72.3m compared with a profit of US\$8.3m in the same three months last year.

The result, which follows losses of \$164.3m and \$111.5m in the previous two quarters, was described as "very disappointing" by Mr Geoffrey A. Thompson, president and chief executive. Additional domestic commercial loans had been classified as non-accruing, and there was a \$109.4m provision for losses on such loans.

Bols set to buy 45% stake in sherry producer

By Ronald van de Krol in Amsterdam

LUCAS BOLS, the Dutch spirits and liqueurs group, expects to reach agreement soon on acquiring a 45 per cent stake in Williams & Humbert, the producer of Dry Sack sherry, from Antonio Barberillo of Spain.

Barberillo is to sell a further 10 per cent stake in Williams & Humbert to Luis Paez, a Spanish venture between Bols and Ahold, the Dutch food retailer.

Williams & Humbert, based in Jerez de la Frontera in southern Spain, has annual sales equivalent to Fl40m (\$20.3m). Apart from Dry Sack, it makes other brands of sherry as well as brandy. Barberillo will retain a 45 per cent stake in the company.

Bols, best known for its liqueurs of the same name, bought Marau, a Brazilian producer of concentrated fruit juices, earlier this month.

Valeo sees Japanese car plant output at 1m in UK

By William Dawkins in Paris

possible investment in Volvo's Dutch offshoot, and Mazda is seeking a European partnership with Ford of the US.

Valeo, which has invested heavily in Britain over the past four years, is aiming to double its UK turnover by 1995, with Japanese car makers providing the main growth in demand.

The French group makes security systems, clutches, climate controls and wipers at four UK plants, to which it is about to add a fifth. It sells around FF22bn (\$336m) worth of components annually from the four plants, nearly 10 per cent of the group's total FF20.2bn sales last year. Of that total, "several hundred million" goes to Japanese car plants in Britain.

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firmer ahead of G7

THE DOLLAR finished towards the top of the day's range in Europe yesterday, boosted by hopes of a US economic revival and by a higher than expected inflationary indicator. This could deter the Federal Reserve from easing its monetary stance.

Trading was subdued ahead of this weekend's meeting of finance ministers from the Group of Seven leading industrial nations in Washington. Dealers believe that the G7 will have difficulty agreeing on interest rate policy, at a time when the US is pushing for lower rates, to stimulate world growth, while Germany is struggling to solve economic problems caused by unification and to support a weak D-Mark.

Nevertheless the market was cautious in case the meeting arrives at new measures to stem any further advance by the dollar.

Hopes of an economic revival in the US improved after Mr Michael Darby, US

£ IN NEW YORK

Apr 26	Last	Prev.	Close
Spot	1.6880	1.6790	1.6860
1 month	1.6900	1.6800	1.6865
2 months	1.6920	1.6820	1.6870
3 months	1.6930	1.6830	1.6890

Forward premiums and discounts apply to the US dollar

commerce undersecretary, said the recession is expected to reach a trough and give way to a recovery during the present quarter.

It was announced yesterday that first-quarter gross national product fell by 2.8 per cent, compared with 1.6 per cent in the fourth quarter of last year.

This was a slightly sharper fall than expected, but more importance was placed on news that the implicit price deflator, an indication of US inflation, rose at an annual rate of 5.5 per cent in the first quarter, against 3.8 per cent in last year's fourth quarter.

This may keep the Fed cautious about cutting interest rates, according to dealers, but the figure was largely caused by higher oil prices ahead of the Gulf war, and this situation has now been reversed.

Consumer prices fell in March for the first time in five years. At the London close the dollar had advanced to DM1.7545

from DM1.7470, to Y138.15 from Y138.00, to SF1.4785 from SF1.4685, and to FF1.5200 from FF1.5100. On Bank of England figures the dollar's index rose to 86.8 from 86.7.

Sterling maintained a soft tone, easing from third to fourth strongest in the European exchange rate mechanism, but dealers said Thursday's talk of a crisis was misplaced.

They indicated that the pound will remain vulnerable to selling in the run-up to Thursday's local government elections in England and Wales. This is regarded as an important test of the ruling Conservative Party's popularity, and a possible guide to the timing of a general election.

Sterling fell 80 points to DM1.6860. It also declined to DM2.9575 from DM2.9600 and to Y233.00 from Y233.75, but rose to FF1.9800 from FF19.9775 and to SF1.4925 from SF1.4825. The pound's index was unchanged at 90.8.

Commercial rates taken towards the end of London trading, 1 UK, Ireland and the ECUs are quoted in US currency.

Forward premiums and discounts apply to the US dollar

STERLING INDEX

Apr 26	Last	Prev.	Close
9.28	9.25	9.25	9.25
10.20	9.97	9.97	9.95
11.20	10.45	10.45	10.45
12.20	11.03	11.03	11.03
13.20	11.61	11.61	11.61
14.20	12.19	12.19	12.19
15.20	12.77	12.77	12.77
16.20	13.35	13.35	13.35
17.20	13.93	13.93	13.93
18.20	14.51	14.51	14.51

Commercial rates taken towards the end of London trading, 1 UK, Ireland and the ECUs are quoted in US currency.

Forward premiums and discounts apply to the US dollar

CURRENCY MOVEMENTS

Apr 26	Bank of England	Moscow	London	Paris	Changchun
Sterling	90.8	-0.1			
US Dollar	16.6	-1.1			
Canadian Dollar	10.5	-0.1			
Australian Dollar	11.4	-0.1			
Swiss Franc	109.6	-3.2			
D-Mark	115.4	-0.1			
French Franc	112.2	-0.1			
Italian Lira	102.2	-0.1			
Dutch Guilder	107.7	-0.1			
Belgian Franc	70.7179	-0.0001			
Spanish Peseta	120.47	-0.0001			
Austrian Schilling	120.47	-0.0001			
Swiss Franc	119.6	-0.1			
Yen	136.7	-0.1			

Moscow's current charges: average 1989-1990. Current rates for April 25-26.

Currency movements

Commercial rates taken towards the end of London trading, 1 UK, Ireland and the ECUs are quoted in US currency.

Forward premiums and discounts apply to the US dollar

CURRENCY RATES

Apr 26	Bank of England	Special £	European £	US \$
Sterling	0.738776	0.697064		
US Dollar	6.00	1.32328	1.17804	
Canadian \$	9.65	1.35643	1.28651	
Australian \$	10.50	1.36343	1.29404	
Swiss Franc	9.9	0.99977	7.47815	
D-Mark	10.50	1.36343	1.29404	
French Franc	107.7	1.32527	1.17804	
Italian Lira	120.47	1.32527	1.17804	
Dutch Guilder	107.7	1.32527	1.17804	
Belgian Franc	70.7179	1.32527	1.17804	
Spanish Peseta	120.47	1.32527	1.17804	
Austrian Schilling	120.47	1.32527	1.17804	
Swiss Franc	119.6	1.32527	1.17804	
Yen	136.7	1.32527	1.17804	

£ Bank rate refers to central bank discount rates. Types are not used for the UK, Spain and Ireland.

All SDR rates are for April 25.

Currency rates

Commercial rates taken towards the end of London trading, 1 UK, Ireland and the ECUs are quoted in US currency.

Forward premiums and discounts apply to the US dollar

OTHER CURRENCIES

Apr 26	£	\$
Argentina	1670.02	1925.00
Australia	2.7173	2.6260
Austria	1.0715	1.0715
Bahrain	0.8745	0.8745
Belgium	1.0715	1.0715
Bulgaria	0.9275	0.9275
Canada	1.0715	1.0715
Chile	1.0715	1.0715
China	1.0715	1.0715
Denmark	1.0715	1.0715
Egypt	1.0715	1.0715
Finland	1.0715	1.0715
Greece	1.0715	1.0715
Hong Kong	1.0715	1.0715
Iceland	1.0715	1.0715
Ireland	1.0715	1.0715
Italy	1.0715	1.0715
Korea (Rep)	1.0715	1.0715
Lithuania	1.0715	1.0715
Malta	1.0715	1.0715
Mexico	1.0715	1.0715
New Zealand	1.0715	1.0715
Norway	1.0715	1.0715
Peru	1.0715	1.0715
Portugal	1.0715	1.0715
Russia	1.0715	1.0715
South Africa	1.0715	1.0715
Spain	1.0715	1.0715
Sweden	1.0715	1.0715
Turkey	1.0715	1.0715
U.S.A.	1.0715	1.0715
Yugoslavia	1.0715	1.0715

Forward rates

Against sterling

Commercial rates taken towards the end of London trading, 1 UK, Ireland and the ECUs are quoted in US currency.

Forward premiums and discounts apply to the US dollar

FORWARD RATES AGAINST STERLING

Spot	1 month	3	6	12
US Dollar	1.32328	1.32527	1.32527	1.32527
French Fr.	0.99977	1.00242	1.00242	1.00242
Swiss Fr.	1.32527	1.32527	1.32527	1.32527
Austrian Schill.	1.32527	1.32527	1.32527	1.32527
Belgian Franc	1.32527	1.32527	1.32527	1.32527
Spanish Peseta	1.32527	1.32527	1.32527	1.32527
Italian Lira	1.32527	1.32527	1.32527	1.32527
Dutch Guilder	1.32527	1.32527	1.32527	1.32527
Belgian Franc	1.32527	1.32527	1.32527	1.32527
Swiss Franc	1.32527	1.32527	1.32527	1.32527
Yen	1.32527	1.32527	1.32527	1.32527

Forward rates

FT MANAGED FUNDS SERVICE

- Current Unit Trust prices are available on FT Cityline. Call 0171 925 2128, and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925 2128.

AUTHORISED UNIT TRUSTS

Left	Cost	Mid	Offer + or Yield
Charge	Price	Price	Price - %

FT MANAGED FUNDS SERVICE

- Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

FT MANAGED FUNDS SERVICE

- Current Unit Trust prices are available on FT Cityline. Calls charged at 43p per minute and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

FT MANAGED FUNDS SERVICE

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WORLD STOCK MARKETS

US MARKETS (3:00 pm)																	
April 26	US\$	+ or -	April 26	US\$	+ or -	April 26	US\$	+ or -	April 26	US\$	+ or -	AUSTRIA	FRANCE (continued)				
AAP Corp.	135	-2	Continental Air.	2,25	-	Policy Mkt Sys.	65	-	Wal-Mart Stores	413	-	April 26	Frs.	+ or -	GERMANY (continued)		
AMP Inc.	51.3	-2	Conc'l Bank Corp.	170	-	Polytech Int'l	34	-	Wang Labs B	3,62	+0.13	April 26	Eur.	+ or -	NETHERLANDS		
ANR Corp.	244	+1	Control Data	126	-	Potomac El Per.	21	-	Warren Comm.	744	-	Brown Boveri	1,120	-	April 26	Frs.	+ or -
Abbott Lab's	51.6	-	Cougar Inds.	50	-	Premier Ind'l	28	-	Washington Post	21,91	+1.1	Scopelis	2,425	-	AEGI Holdings	37.20	-
Adidas	12.5	-	Cougar Inds.	50	-	Prize Corp.	10	-	Westpac Macquarie	301	-	Colgate-Palmolive	2,125	-10	ACT Holding	43.30	-
Advanced Micro.	12.1	-	Cougar Inds.	50	-	Prime Motor Inns	54	-	Wells Fargo	513	-	AEON	50.00	-	Calico B Free	195	-
Actus Life	44.5	-	Cougar Inds.	50	-	Promus Cos Inc.	19	-	Westpac Post	21,91	+1.1	Commerzbank	220.70	-	Centro B Free	170	-
Affiliated Publ.	16.7	-	Cougar Inds.	50	-	Provident Corp.	50	-	Westpac Macquarie	301	-	Continent AG	115.20	-0.50	McBain Free	215	-
Allied Signal	11.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Wells Fargo	513	-	CSK	115.20	-0.50	Medion Free	75	-
Aluminum (HFI)	17.2	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Westpac Post	21,91	+1.1	CSK	115.20	-0.50	Micron Free	115	-
Alta-Fire Fund	10.5	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Monica Free	115	-
Altavista-Dohler B	10.5	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Albertson's	18.2	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Alcan Aluminum	21	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Alco Standard	31	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Almond & Alex	12.5	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Alpine & Alpine	12.5	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Allegiance Power	10.5	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Allied Signal	10.5	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Alstom Co of Am	67.4	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amaz	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amidst Corp	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
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Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
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Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
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Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20	-0.50	Motorola Free	115	-
Amoco	16.7	-	Cougar Inds.	50	-	Publ. Serv Power	21	-	Western Publ.	11	-	CSK	115.20				

WORLD STOCK MARKETS

AMERICA

GNP statistics rekindle inflation worries

Wall Street

FIRST quarter gross national product statistics which rekindled fears about inflationary pressures in the economy and further dented hopes for lower interest rates left share prices weaker yesterday morning, writes Patrick Harwood in New York.

By 1.30 pm the Dow Jones Industrial Average was down 12.62 at 2,906.42. The broad-based Standard & Poor's 500 was also marginally lower, down 0.26 at 378.99 by 12.30 pm. The Nasdaq composite index of over the counter stocks fell 2.34 to 493.69. New York SE turnover was 87m shares by 12.30 pm, and declining shares out-

distanced advancing shares by 896 to 519.

Shares opened lower after the government reported a 2.8 per cent decline in first quarter GNP. Although the figure was in line with expectations, the accompanying release of a rise in the first quarter GNP implicit deflator - an alternative measure of inflation that tracks domestically-generated price rises - to 5.5 per cent surprised analysts.

The figure suggests inflation remains a problem in the US, even though economic activity has slowed significantly over the past year. Any sign of inflationary pressures in the economy strengthens the case against further interest rate cuts.

Mobil, which earlier this week unveiled a big rise in three month profits, announced it was increasing its quarterly dividend by 7%

General Cinema rose 5% to \$23 and Harcourt Bruce Jovanovich (HBJ) fell 5% to \$4 after General Cinema announced it was terminating its tender offer for HBJ bonds in the wake of the failure to agree terms with HBJ bondholders. The termination of the tender offer threatens the completion of the \$1.4bn merger between the two groups.

Aetna, the big life insurance company, dropped \$1.1 to \$44 after reporting a fall in first quarter earnings to \$1.25 a share, against \$1.61 a share a year earlier.

Recognition Equipment fell 9% to \$74 after cancelling its proposed debt exchange offer because it could not agree terms with the company's bondholders.

cents to 80 cents a share. The news failed to lift the shares, which slid 8% to \$88.5.

Diasex eased \$0.5 to \$114 in brief trading on news of a fall in fiscal second quarter profits to 95 cents a share. The figure was at the low end of estimates, and compared with the \$1.29 a share a year ago.

On the over-the-counter market Pacific Healthcare jumped 5% to \$30.40 after the company said it expected second quarter profits of between 50 cents and 60 cents a share, a forecast well above expectations.

Stelco A shares eased C\$4 to C\$7 after a first quarter net loss of C\$1.56 per share after a loss of 48 cents. Noranda eased C\$4 to C\$18 after news that its first quarter earnings fell to nil from 26 cents.

Canada

TORONTO's composite index rose 9.5 to 3,425 at midday. Declines led advances by 196 to 173 on slow volume of 14.2m shares. Only two of the 14 industries - real estate and construction and paper and forest products - showed any gains, and banks dropped despite Thursday's interest rate cut. There are worries that Ontario's budget, due next week, will unveil higher taxes.

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Amsterdam forges ahead on the stronger dollar

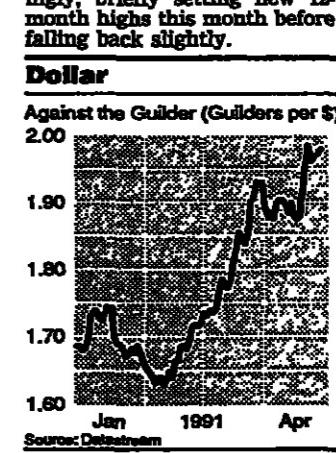
Ronald van de Krol reviews the bourse's recent rally

US east coast. Both these companies' shares touched 13-month highs in April, as have defensive food and beverage stocks such as Weesman, Bol and Heileman and the chemical stocks Akzo and DSM.

Royal Dutch Petroleum and Unilever, which together account for half of Amsterdam's market capitalisation, also stand to benefit from a firmer dollar, and their share prices have climbed accordingly, briefly setting new 12-month highs this month before falling back slightly.

Dollar

Against the Gulden (Gulden per £)



Source: Datastream

tional pressure on corporate profits.

"From a historical point of view, share prices in Amsterdam are certainly not cheap, although they are still not expensive compared with abroad," he says. He adds that because part of the recent rise was motivated by expectations of lower interest rates in the second half of 1991, share prices could fall later in the year if the forecast decline in interest rates does not emerge.

Despite these gains, most analysts are cautious about the outlook for the market over the next few months. The dollar is the only clearly positive factor propelling the Dutch market higher. For all the benefit derived from the upward march of the US currency, the Amsterdam bourse - and the Dutch economy generally - are crucially tied to events closer to home in neighbouring Germany, the Netherlands' biggest trading partner.

The increasing challenge of achieving German unification threatens to push Dutch interest rates high and may push them up even further, leading to an almost inevitable correction in Dutch share prices. At the same time, the Dutch government faces difficulties in meeting its own targets for reducing the country's financing deficit, raising the prospect of political tension within the ruling centre-left coalition.

"We continue to think that the recent market advance is discounting too much good news," Credit Suisse First Boston Nederland say in a recent report. "Compared with the prevailing interest rates, shares look expensive."

The dollar's decisive influence on Amsterdam is a reflection of the strong international orientation of the bigger Dutch companies, many of which have long outgrown their domestic market. Thanks to the rise of the dollar, companies with significant turnover in the US or in the dollar zone will be able to translate their foreign sales into a greater number of guilders.

For example, the insurer, generates 35 per cent of its revenue in North America, while Ahold, the supermarket group, rings up as much as half of its turnover along the

same currency considerations as foreign institutions, Dutch pension funds and insurers tend to buy and hold on to their share investments. Their perspective is more long-term than foreign buyers, helping to explain the demand for shares of more cyclical companies such as Hoogovens and DAF. Both companies expect a difficult 1991 before seeing an improvement later in 1992.

Another factor lending support is the prospect of a gradual removal of the anti-takeover defences erected by Dutch companies to ward off hostile bidders. These defences, which are frequently blamed for low Dutch price/earning ratios compared with other markets, are likely to be curbed in future by new European Community regulations.

EUROPE

Michelin soars 8.9% on favourable forecast

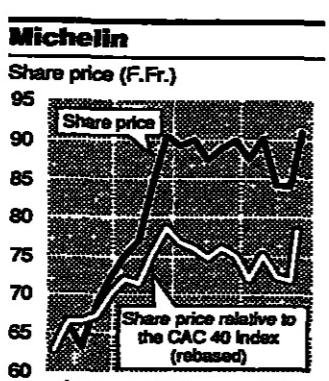
MOST BOURSES ended the week on an easier note, as trading slowed ahead of the May Day holiday, writes Our Markets Staff.

PARIS saw frantic buying of Michelin, the tyre manufacturer, following a favourable recommendation from a leading domestic broker. Trading in the shares was temporarily suspended to restore order. Otherwise the market was soft, as the CAC 40 index fell 2.34 to 1,746.67, down 0.9 per cent on the week, in modest turnover of FF15.8m.

Michelin soared FF7.50 or 8.9 per cent to FF161.60 with an exceptional 10m shares traded after Cheuvreux de Virieu, the smaller Caisse d'Epargne arm of Banque Indosuez, issued bullish forecasts about the company. The tyremaker is expected to keep its investment level at FF36m for several years and does not plan any rights issue in the near future. Michelin also has plans for an "ecological" tyre.

However, Lyonnaise des Eaux-Dunnes continued to fall after its disappointing 1990 results this week. The shares fell FF7.22 or 3.7 per cent to FF15.88, with 174,460 shares exchanged, the day's second most active issue.

Alcatel fell FF3 to FF15.73 in spite of news of a Singaporean order worth \$443m (£244m). Total, the oil company, fell back FF14 to FF745 after its rise earlier in the week. L'Oréal



Source: Datastream

fell, also stronger earlier in the week, fell FF1.50 to FF147.50. Paris lost FF1.50 to FF147.50. After the market closed, its Belgian holding company Cobepa said it is to sell its entire stake in Paribas for FF1.8m or FF15 per share.

FRANKFURT congratulated itself as it closed the week as Europe's best performing market. It needed only modest gains to achieve this, with the FAZ index 1.2 per cent better over five days, and the DAX up by 1.5 per cent but on Monday, with the DAX down 1.7 per cent after the CDU's weekend election losses, it was not expecting this conclusion.

Mr Hans-Peter Wodniok, of James Capel in Frankfurt, said yesterday that more and more foreign brokers, particularly

those in the UK, had become more positive on Germany. In addition, he observed, the D-Mark had recovered against the dollar after a slump on Monday and Tuesday.

Volume eased from DM7.8m to DM6.8m. After a period of sector rotation, yesterday's gains were more individual. In banks, Dresdner rose DM6 to DM37.00 after a major buy recommendation from Morgan Stanley, which also increased its weighting for the market in general this week.

In carmakers, BMW dropped by DM10 to DM36.8 as Volkswagen rose DM4.9 to DM37.6. Capel favour Volkswagen as a mass producer for export markets; BMW is seen profit-making after a notable rally. Elsewhere, Viesg rose DM5.30 to DM38.60 in contrast with other shares in the energy sector; there was a suspicion that, with a rights issue in the pipeline, the shares might be getting friendly support.

MILAN returned from its Liberation holiday in a gumi

ZURICH ended with the

mood forced selling ahead of the April 30 settlement day and Olivetti's decision to omit an ordinary dividend, announced after the close on Wednesday.

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MILAN returned from its

Liberation holiday in a gumi

Credit Suisse index down 3.1 on the day and 1.1 per cent on the week at 551.1. CS Holding, parent of Credit Suisse, recovered from dividend cut and rights issue rumours after news of improved first quarter results, the shares closing SF40 higher at SF2.07.

OSLO closed higher, and a cut in the Central Bank's overnight lending rate after the close could boost prices on Monday. The all-share index rose L35 to 476.36 in turnover of Nkr217m. Norsk Hydro, strong on Thursday after its first quarter results, fell back Nkr6 to Nkr185.

MADRID was led lower by the construction sector. The general index ended down 2.39 at 276.83, down 2 per cent on the week, in thin volume of Pt12m.

ISTANBUL hit a three-month low, the market index closing 9.5 or 2.8 per cent lower on the day, and 7.9 per cent down on the week at 4,087.85, on pessimism about the economic outlook.

SOUTH AFRICA

INDUSTRIALS tested new ground. A weak financial rand also gave support. The industrial index rose 10 to 3,549, a new record, while the all-gold index was 1 lower at 1,048 on depressed bullion prices. The all-share index fell 2 to 3,037.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High Low Stock Price + or - % Vol.

1990 High Low Stock Price + or - % Vol.

1989 High Low Stock Price + or - % Vol.

1988 High Low Stock Price + or - % Vol.

1987 High Low Stock Price + or - % Vol.

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1941 High Low Stock Price + or - % Vol.

1940 High Low Stock Price + or - % Vol.

1939 High Low Stock Price + or - % Vol.</p

LONDON SHARE SERVICE

AMERICANS

BUILDING, TIMBER, ROADS

Contd

DRAPERY AND STORES—Contd

ENGINEERING

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

	Year	Low	High	No.	Pr.	Chg.	Y.Y.	1991	Low	High	No.	Pr.	Chg.	Y.Y.	1991	Low	High	No.	Pr.	Chg.	Y.Y.
1992	1991	30	30	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-	1.9
30/31	20/21	1990	1991	1	1.00	-	1.9	1991	130	130	1	1.00	-	1.9	1991	305	305	1	1.00	-</td	

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LEISURE

1991	Low	Stock	Price	+	No.	Wk	Ytd
125	125	125	125	-	125	125	125
126	126	126	126	-	126	126	126
127	127	127	127	-	127	127	127
128	128	128	128	-	128	128	128
129	129	129	129	-	129	129	129
130	130	130	130	-	130	130	130
131	131	131	131	-	131	131	131
132	132	132	132	-	132	132	132
133	133	133	133	-	133	133	133
134	134	134	134	-	134	134	134
135	135	135	135	-	135	135	135
136	136	136	136	-	136	136	136
137	137	137	137	-	137	137	137
138	138	138	138	-	138	138	138
139	139	139	139	-	139	139	139
140	140	140	140	-	140	140	140
141	141	141	141	-	141	141	141
142	142	142	142	-	142	142	142
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144	144	144	144	-	144	144	144
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231	231	231	231	-	231	231	231
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233	233	233	233	-	233	233	233
234	234	234	234	-	234	234	234
235	235	235	235	-	235	235	235
236	236						

Weekend FT

SECTION II

Weekend April 27/April 28 1991

Love and death in the city of lost hopes

YOU GET USED to the scrutiny after a while, though faces and lenses constantly watching never seem normal. "The guards are for your protection," an official explained shortly after I arrived. I am not sure what I, a journalist, expected of Beijing in the early summer of 1989, but once past the ugly buildings, the huge motorways and the vast emptiness of Tiananmen Square, I found a spirit of remarkable buoyancy. With the reform process in full swing, there was a sense of expectation among the young.

A week after arriving, I found myself sitting on the cluttered floor of a tiny dormitory in a co-ed art college, talking about Western music with students I had met at an exhibition. They were not afraid to speak out. There were predictions of China loosening up, becoming richer and freer and turning its back on the strictures of the past.

As the autumn of 1989 turned into the winter of 1989, Beijing was full of hope and fun. Rock and roll parties were staged in Ritan Park and many intellectuals, emboldened by the moderate policies of Zhao Ziyang, the Communist Party boss, began to agitate for the release of political prisoners, in particular the freeing of Wei Jingsheng, who was going insane while serving 15 years in prison for his part in the "Democracy Wall" movement in 1978.

Writers and academics gathered in JJ's, a tiny bar favoured by Beijing's in-crowd, to frame a petition calling for Wei's release. Their action was to set the scene for seven weeks of student demonstrations and the eventual storming of Beijing by tanks and heavily-armed troops who slaughtered an estimated 1,000 people.

But for me there was a personal sequel, as important in its own way as the Big Event. The woman I was to marry was one of the hundreds of thousands of students who gathered peacefully in Tiananmen Square in those heady days of spring 1989.

Jin Yan, a musician, with no real knowledge of politics like so many other young people, joined in the festive atmosphere, innocent of the past and with no sense of the terrible denouement to come. She was not in the square when the tanks rolled in early on the morning of

June 4 and because she played no active role in the demonstrations she was not on any hit list when the post-massacre purge began.

But that hardly mattered. In the murderous days after June 4, as soldiers toting AK-47s stalked around the city, firing at people on street corners and in their homes and shoving gun barrels in the faces of drinkers in bars, order was turned on its head. To "liberate" the capital, they were going to crush it, and they did, at one stage murdering a handful of young men whose only crime was to be found standing beside the Beijing Hotel.

Some days after soldiers cleared Tiananmen Square I had to run for my life when troops of the Peoples' Liberation Army opened fire close to the Beijing Hotel. One man had a revolver put to his head because he did not stop his truck quickly enough at a road block. Children were hit by stray shots and people everywhere were beaten by rifle butts and hauled from their homes into detention.

Attempting to maintain contact with Jin Yan meant a series of nervous, late-night phone calls and anxious meetings in hotel lobbies. We were followed and our conversations, I believe, were monitored.

Even two months later, when apparent order had been restored, our effort simply to marry was enough for her to be treated like a criminal. It was not a political persecution – unless that term is used to cover the humiliation that befalls anyone in China – and I suspect that it had little to do with party order. But under a repressive State apparatus there is no refuge. State one is a target.

In this small episode, no-one was beaten, jailed or tortured, but the security forces have many other less obvious means to destroy dignity and hope. In a nation without an independent system of law, just sharing a meal at my apartment was enough for Jin Yan to be taken by the compound security guards they said for a few hours "for review" and treated as a criminal.

It was about 10 pm when the two guards demanded that she accompany them to a staff building at one end of the compound, but despite their assurances, by midnight she had still not returned.

Waiting in the August chill, I



became increasingly worried and decided to enter the building – which was out of bounds to foreigners – and systematically search each room. Opening one upper floor door I glimpsed a wall of TV monitors, the outlet for the closed circuit cameras around the compound and in its lifts, and was rudely ordered to leave. When I demanded to know what had happened to Jin Yan, there were smirks from the security guards and a curt demand that I go home.

"Go to bed," a sullen security guard said. "She has been taken home, there's nothing to worry about." "Are you absolutely certain?" I asked. "How did she get home, and what about her bicycle?" "We have driven her home," he answered. "It is nothing to do with you." When I protested that this

was my fiancee they were talking about, they gave me a blank look. "She is Chinese," they said. "You are a foreigner."

Shaking with anger, I scanned the faces of the small crowd that had gathered in the room to enjoy my distress. They were clearly relishing the reversal of roles. No longer the foreigner, envied for his passport and its benefits, I was just another body sinking under the dead weight of bureaucracy. I rushed out, found her bicycle still standing where she had left it, and raced across town to collect Jin Yan's parents, returning to the building shortly after 1 am.

With a different ordinary Chinese are conditioned to show even in the face of the most banal authority, her parents politely asked after their daughter and were arrogantly told the same story. I did not believe it, and when her mother recognised Jin Yan's bag lying on a side table and we realised that she was still in the building, I felt a surge of anger and frustration that must be commonplace among the Chinese who are routinely lied to and deceived.

The discovery bought denials and threats from the most vocal of the security guards, a corpulent man with a bloated, red face and eyes that showed he savoured the joys of petty power. We glared at each other as he stood, arms folded, at the top of the concrete stairs.

Two diplomats from the Australian Embassy arrived at around 2 am, but still the charade went on. This concerns a Chinese, you have

nothing to do with it," the crimson-faced guard told Colin Heseltine, the Embassy Minister. "This man is an Australian citizen, but he is engaged to the girl," Heseltine argued. We had no alternative but to wait until Jin Yan was finally released around 3:30 am, after more than five hours of interrogation.

Despite a complaint being lodged there was no apology, nor any explanation. Jin Yan had told her inquisitors of our impending marriage and had been derided. "He'll never marry you," they sneered. "Why are you seeing a foreigner? What do you do together? What does he say?" were among the more pointed questions.

In the southern city of Kunming, for example, I glimpsed a piece of theatre that says more about how resentful and alienated people are, and how few options they have, than could ever emerge from a VIP banquet.

A young peasant boy and an office worker had collided on their bicycles and were bickering about who was at fault. There was no solution, just a release of tension and entertainment for the crowd. Remonstrations went on for more than an hour, but no-one was inclined to compromise or to exchange personal details so as to settle differences later.

It seemed a huge and draining waste of time, until I realised that this was a cathartic release and that the office worker's bike was a fancy model which would have cost more to fix than the young peasant could afford. No-one wished to lose face, so they kept traffic waiting while

It is two years since tanks crushed the Beijing rebellion. In the heady days before the uprising Peter Ellingsen fell in love with a young student – but the thugs in China's security forces had other ideas

when I thought it was all over, I had another altercation with three of the compound's guards, led by our red-faced friend. I had driven past the armed police sentry, along the dislocated snow leading into the compound's garage, when the three blocked our way, ignoring signals to move.

They glared and shouted belligerently, saying I was a journalist, not an envoy, and enjoyed no diplomatic privilege. "You want to leave China," the red-faced one bellowed, adding that married or not, Jin Yan was Chinese and might have problems departing. Their anger was driven partly by the loss of face suffered because we, contrary to their best efforts, were still together. Disregarding the threats we walked away.

At least now we were married and had a way out. For most Chinese the bullying by all levels of authority cannot be avoided. As we sat in our apartment, I sensed a little of what it must be like for the Chinese to live under this state of siege, with no appeal against injustice and no dignity or status, save that conferred by proximity to power.

I double-bolted the door that night, half expecting the security men to attempt a jackbooted entrance. As I looked out on to Chang'an, Beijing's Avenue of Eternal Peace, where eight months before I counted more than 60 tanks crawling along, guns blazing, China, the police state, seemed like a disease crawling across my skin.

Despite the lies of Beijing, stabilised away. Many of the more than 100 onlookers were unemployed, or under-employed, something else the government does not like to talk about, though the total number of unemployed is now more than 100m and a force for widespread discontent.

In the crowd, I noticed a young man locking his arm around his girlfriend. I had seen such grappling before and it had nothing to do with sex. The grip was too desperate and public to be play. As the dusty, difficult, no-prospects world he knew rolled by, he was clinging to what was probably his only valuable "possession", which is how many Chinese boys think of their girlfriends. In a rigidly controlled society, with its limited chances, she was one of the only icons of hope he could aspire to.

If they are lucky, they will stay together and have some sort of shield against China's callousness, though as people stop believing in anything, including the party, divorce is increasing and families, the traditional mainstay, are being put under pressure.

As I was about to leave Beijing, a Foreign Ministry official handed me a plate as a momento, saying that, though the dish was light, the sentiment it carried was heavy. It was a thoughtful gesture, and while I am not sure what his words meant, if they were to do with the burden that the Chinese continue to carry under communism, then the gift is not only weighty but fired with more sadness than either of us could know.

Turning over the recovery tea-leaves

NOW FOR the tough part. Unemployment is soaring; there is only a very slow and patchy deceleration in factory gate price rises and in pay settlements, and industrial disputes are beginning to arrive in Whitehall pleading for special treatment, if not yet quite threatening a bare knuckle fight.

Fortunately, companies are moving towards a slightly more robust face to the stock market. It looks as though the declared fall in industrial profits for 1990 will be no more than about 4 per cent, according to UBS Phillips & Drew, albeit including a 10 per cent drop in the second half year.

Meantime, dividends declared this year appear to be showing overall growth of about 5 per cent, rather than the zero which some of the pessimists were predicting back in the depths of the past winter.

It suggests that listed companies in general are reasonably happy about their prospects for recovery.

Nevertheless as the economy heads towards its trough the political stakes are being raised. Only now, nearly three years after Nigel Lawson began to push up interest rates, to cope with a temporary "blip" of rising prices, is the government beginning to realise just how hard a task it will be to stuff the inflationary genie back into its bottle. If it isn't hurting it isn't working, somebody once said.

Industrialists like Robert Horton, chairman of BP, are starting to hit back at the gov-



The stock market may be able to wait a little while for economic recovery, but the politicians will come under heavy pressure if the timetable slips

domestic picture, the official statistics show a drop of about 2 per cent in company trading profits last year.

The decline has been more

than 11 per cent of GDP down from a 1988 peak of 15.4 per cent.

That is either an indication of how companies are being squeezed, or a hint of the recovery potential. If, as a shareholder, you are confident that your company is going to survive, and is unlikely to dilute your investment excessively by jumping too enthusiastically onto the current rights issue bandwagon, then you are not going to be particularly interested in how far its profits may fall this year.

It is the potential a year or two out that is far more important. That is why earnings downgradings by analysts, which caused so much panic last year, have ceased to be of great concern in 1991.

ICI's first quarter profits, published on Thursday, may have been halved compared with the same period last year, but they were sharply higher than in the fourth quarter, and the share price went up. Somewhere down the road company profits generally are going to rise substantially. But it could take a while.

In 1992 profits only rallied modestly as the economy began to recover from the deep recession of 1990 and 1991, and it was only in 1993 and 1994 that substantial earnings gains were seen.

On that basis we may be a good two years away from a really healthy profits upturn.

And it is rather more anticipated in advance today, when the market p/e is 13, than it

yield was a percentage point or so higher, too.

It is going to be a nervous summer, as the politicians and industrialists sift through the statistical tea-leaves looking for the recovery which the Treasury's computer has promised us.

This week it began to look as though the upturn may begin in the wrong places. Retail sales jumped in March, and the housing market flickered to life as well, so that building society lending jumped sharply for the month, while bank lending to the corporate sector was dead as a doornail.

Maybe we should not be too concerned about a transient VAT-heating flurry in the shops, but any persistent consumer-led economic recovery could put serious pressure on the balance of payments, which is running at an annual rate of 25% in even in the depths of the recession. It was very different in 1991, when there was a balance of payments surplus and sterling was embarrassingly firm.

This time, if consumer demand were to be the main engine of the recovery rather than the Treasury's projected 4% per cent rise in export volumes over the next year, the government would find it impossible to continue its delicate balancing act of edging down interest rates while maintaining sterling in a healthy position in the European Monetary System.

Still, it all gives scope for interesting conversations when those industrial delegations come round for tea.

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London Markets

Ratners reaps rewards of honesty

"TOTAL CRAP" was how Gerald Ratner described his jewellery chain's products in a speech on Tuesday. His address captured the next day's headlines. Indeed, he achieved what may well be a unique feat: getting the conference of the Institute of Directors to front the page from the *FT* newspaper.

Ratner's shares rose 10 per cent on the week, a striking testimony to the power of truth in advertising. The rise - from 170p a week ago to 187p at yesterday's close - was all the more marked because it came against a gently falling market. (The FTSE 100 index, which had closed the previous Friday at 2520.1, ended yesterday at 2471.3.)

Perhaps we might expect to see other captains of industry offering similar exaggerated honesty? Sir Allen Shepherd could come clean about the taste of Burger King hamburgers, Rupert Murdoch about the contents of his newspapers, and so on or off.

Alas, no such outburst of corporate self-deprecation seems likely - not least because Ratner's shares moved despite rather than because of, Gerald Ratner's comments.

Since their peak in the summer of 1987, Ratner's shares had lost 70 per cent of their value by January 1991, as doubts grew about the company's aggressive expansion by acquisition, capped by the pur-

chase last year of Kay Jewellers, a big US rival.

More recently, the market has decided that Ratner has survived the retail crunch in the UK and the US. After this week's excitement - which included some lacklustre annual results - its shares have risen 64 per cent since the middle of January, outperforming the sector by four-fifths. They are still half their 1987 value, however.

There is likely to be more excitement to come. UK retailing analysts are off on Tuesday to see Ratner's US operations.

Their views on whether Ratner can achieve the same dominance in the US as in the UK will have a more marked influence on the share price than any number of jokes from the chairman.

For investors with a wider

horizon, the week's highlight

came in the foreign exchange

Wickes

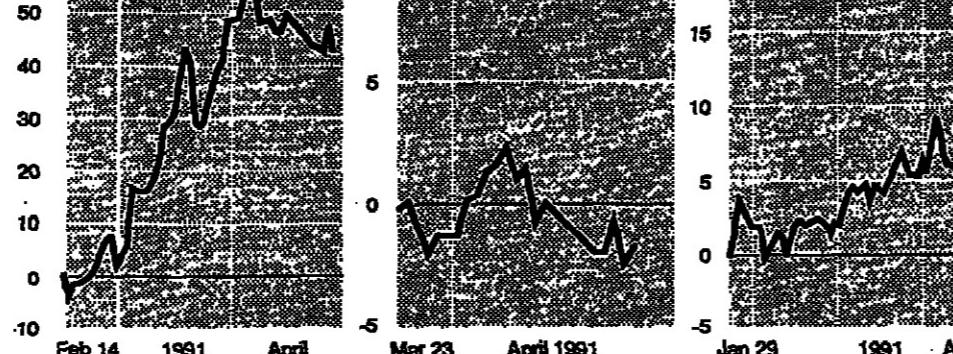
Redland

Tesco

Share price relative to the FT-A Building Materials Index

Share price relative to the FT-A Building Materials Index

Share price relative to the FT-A Food Retailing Index



to devolve much against the D-Mark inside the ERM.

Such reassuring economic signals were welcome in short supply. ICI, which had come second to the dollar and the D-Mark, produced results on Thursday that reinforced the market's growing sense that the expected recovery has

not yet arrived. The figures themselves were better than expected - a 52 per cent fall in pre-tax profits on a 12 per cent drop in turnover - but the company said there might still be some way to go before the bottom of the recession was seen in two of its most cyclically sensitive busi-

nesses, petrochemicals and plastics. ICI shares closed the week at 1050p, down 41p from the previous Friday.

There was a brief flurry of economic enthusiasm on Tuesday, after Norman Lamont, the Chancellor, held out hopes for a rapid fall in inflation (in a speech to the Institute of Directors that was not reported on the front page of the *FT*).

The FTSE Index briefly rose back above 2,500, on the news, since optimists felt that this might prove a harbinger of lower interest rates. But the enthusiasm did not last; all the signs continued to point to as they have done for some weeks, towards a plateau in interest rates for the moment.

The market's pessimism on this point was unbroken by US president George Bush's heartfelt plea for lower world interest rates, made on television on Thursday. It was also unaffected by the prospect that, at a series of G7, IMF and World Bank meetings starting this weekend, the people responsible for setting world interest rates would all be together in the same room, thus available to be struck by a simultaneous craving for monetary easing.

Such cases of mass hysteria are not unknown, of course. Take the crazed enthusiasm for making and accepting rights issues displayed by otherwise entirely sober finance directors and investors. So far this year, there have been £21bn worth of rights issues. In April alone, rights issues have totalled just over £1bn, gobbling up cash at

the rate of £50m a day.

They seemed - until the last few days, at any rate - to have little effect on the market. As the chart shows, the biggest rights issues of February and March left the companies concerned performing nicely against their sectors in the weeks that followed.

Still, there were signs this week that, for fund managers anyway, the game is less amusing.

Taylor Woodrow's £162m rights issue on Tuesday caused

a wave of *froideur*. Institutional investors murmured

that if the company had really needed the money, it would

have made the announcement six weeks before, at the time of its results.

The company's shares did not reflect this view, ending the week at 245p, only 8p down. Later in the week, though, rights issues from YJ Lovell and Alfred MacAlpine got rather worse receptions.

Finance directors, with the giddy insouciance typical of their breed, still seemed determined to go on with the party. At this point in a four-year-old's birthday celebration, the wise parent starts putting the glassware away for safety and moving the chair with the wobbly leg behind the sofa. Since the stock market has many of the characteristics of such occasions - including an exhilarating credibility about magic tricks performed with bags of all nations - wise investors might soon be following suit.

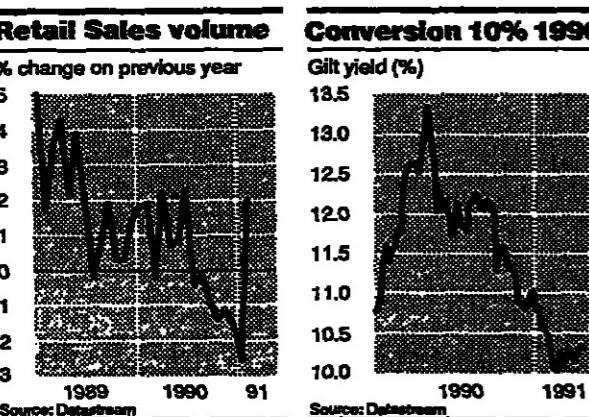
Peter Martin

HIGHLIGHTS OF THE WEEK

Price y/day	Change on week	1991 High	1991 Low
FTSE 100 Index	+4.8	2545.3	2054.8
Airtours	+2.9	462	155
Boots (Henry)	+4.0	593	438
Globe	+1.5	348	258
Gestetner	-2.9	240	162
Glenrothes	+2.8	1148	800
Ike's Hedges	-5	26	10
Lovell (YJ)	-57	205	108
McKeechne	-15	303	210
Reuters	-70	906	873
Royal Ins	-33	491	357
SmithKline Beecham A	-44	843	698
Vickers	-14	245	182.2
Wardie Storeys	+2.6	325	204
Water Package Uts	-65	£2155	£2528

Package ceases trading in July

AT A GLANCE



Retail sales show sharp monthly rise

Retail sales raced upwards in March, according to government figures. This might have been the first sign of the end of the recession, but many analysts thought that it just showed that people were buying early to avoid the rise in VAT at the end of the month.

Last month total sales volume rose by 3.7 per cent, according to provisional estimates. This is the biggest monthly rise since June 1978 - the last time VAT was increased - when sales increased by 6.9 per cent. John Authors

Gifts issue in demand

There was strong demand for the five year gilts which the Bank of England auctioned this week, much to the surprise of many gilt-edged market-makers. In its first auction for nearly three years the Bank of England sold £1.2bn of 10 per cent conversion stock due 1996. The stock is already available in the market, but the Bank of England was keen to improve the liquidity of the five-year stock.

The gilt market had not expected the auction to be such a success given general concern about possible oversupply.

Many economists forecast that the government will have a Public Sector Borrowing Requirement of some £12bn in 1991 and predict that the Bank of England will have to issue about £1bn of new stock each month. Sare Webb

Low-cost pensions firm suspended

Investors interested in the low cost fee-based pensions service, Discount Pensions, offered by independent advisers Campbell Financial Services will be perturbed to know that the company was this week suspended from doing investment business by Fimbria. The reason for the suspension is technical; the company has not declared that it had the required financial resources for its category.

The company sprung into prominence when it offered a cheap £100 service to arrange pensions using a telephone number, at the expense of in-depth advice and on-going service. But this novel move brought a sharp reaction from other advisers, with the police being brought in to deal with abusive telephone calls to the company.

A statement last night from chairman David Cramer stated that the companies had been in discussion with Fimbria over its accounts. These were now being recast to meet Fimbria's requirements. He expected the suspension to be lifted shortly, but meanwhile the telephone service has been suspended.

Since the company is not authorised to handle client's money, investors should have made out any cheques to the life company and so there is no concern over lost money. Eric Short

Bank of Scotland card charges

Bank of Scotland is introducing an annual charge of £10 on its Classic Visa and Mastercard credit cards. The charge will appear on statements issued after July 5. The bank is softening the blow by reducing the interest rate from 2.2 to 1.8 per cent a month, or 22.4 per cent a year. It is also adding purchase protection insurance and two telephone helplines for home and car owners. Philip Coggan

Private share service launched

The Share Centre, a new share service for private shareholders, has been launched by Gavin Oldham, formerly of Barclaysshare. Dealing commissions will be £12.50 on transactions of up to £1,000 in value. Higher values are charged 1.25 per cent for the first £2,000, 0.8 per cent for the next £3,000, 0.5 per cent for the following £5,000 and 0.25 per cent for the remainder. Further details on the new service can be obtained from Freephone number: 0800-800008. P.C.

THE White House was forced to issue a denial this week that President George Bush had suffered a heart attack. A spokesman quickly allayed the fears of financial markets by describing the scene in front of him: Bush was jogging around the White House rose garden.

Anyone looking for similar comforting words on the health of the stock market would have been disappointed. The first full week since the Dow broke the 3,000 barrier proved anything but an enjoyable stroll around a rose garden.

Under the weight of a wave of computerised sell programs and investor profit-taking, the Dow Standard & Poor's 500 and the Nasdaq composite posted significant losses during the first four days of trading.

By midday yesterday, there was little sign of a recovery, with the leading indices all marginally lower. Volume also declined sharply this week, down 20 per cent from the previous week's average to around 166m shares a day.

Confirmation of Wall

Street's depressed mood could be seen in the market's "breadth" - the difference between the number of shares that rise and fall during each day. Declining stocks outnumbered rising stocks by the substantial margin of three-to-one on Monday, and two-to-one on Thursday.

Yesterday, the margin was running at almost two-to-one by noon. The sense of disappointment among dealers and investors was tangible all week - disappointment at the failure of the Dow to hold above 3,000, but above all at the Federal Reserve's refusal to cut interest rates.

Although the impressive rally in share prices since mid-January was fuelled by a myriad of factors, the steady decline of US interest rates was always the most powerful factor. The perception that interest rates are now stuck at present levels (6 per cent for fed funds and discount rates, 9 per cent for bank prime rates) has struck the biggest blow to investor confidence. The Fed has gone out of its way to signal its resolve to keep rates steady, intervening

in the credit markets to push the fed funds rate back to its previous target.

If this message was not clear enough, comments from Alan Greenspan, the Fed chairman, before the Senate Banking Committee on Tuesday, hammered it home. Greenspan was asked why the discount rate is higher now than it was in 1986, a year when the econ-

omy was not in recession, and therefore not in need of stimulation from low interest rates.

His answer - inflation is much more of a threat to the economy than it was in 1986 - left the market in doubt as to where the Fed's priorities lie.

The market could not even draw comfort from economic news. Figures on Tuesday

showed that factory orders for durable goods during March fell by 6.2 per cent. The next day the nation's car manufacturers unveiled disappointing mid-April sales totals, again in defiance of expectations. Yesterday the latest quarterly gross national product figures provided confirmation of the existence of the recession.

Real GNP fell 2.8 per cent in the first three months of 1991, making it the second consecutive quarter of negative growth and thus, by the only measurement accepted by the US government, evidence of a full-blown recession.

RJR Nabisco appears to have turned the corner at last, reporting its first quarterly profit since it was taken over in a \$25bn leveraged buyout in early 1989. Admittedly, after income was a meagre \$3m on sales of almost \$1.5bn, but in the current climate the stock market has to be thankful for such small mercies.

Monday 2297.72 - 37.57

Tuesday 2298.45 + 2.73

Wednesday 2302.51 + 15.06

Thursday 2301.04 - 16.46

F

Serious Money

Why Hercule Poirot is, of course, right

By Philip Coggan, Personal Finance Editor

"POIROT," I said, lowering my copy of the financial pages,

"I've been thinking of investing in shares. The stock market is close to its all time high at the moment and I feel it's about time I invested."

"The date of this year's St Leger," I said, having recently

read the *Sporting Life*.

"Exactly, Hastings. She

produced the returns for every

year back to 1985. In 20 of

those 26 periods, the

May-September period

produced lower returns than

the remainder of the year.

Over the whole period, if you

had invested in the All-Share

on May 1 and sold on

September 14, you would have

made a capital return, on

his simile. "So you are not

keen on shares at all?"

"You misrepresent me, mon ami," said the detective, wandering over to the mirror to check that his moustache was neat and tidy. "Even I, Hercule Poirot, cannot know for certain how shares will move in future. I was just correcting your unscientific reasoning."

He paused to straighten the angle of some papers on his desk. "I have been a very successful stock market investor over the years," Hastings. How else do you think that I, who left the Belgian police force during the First World War, have lived in such style for so long? It was not by investing in vegetable marrow futures."

"In 1945, I used the £1,000 fee

from the Duke of Edinburgh

FINANCE & THE FAMILY

Frock coats and flush customers

John Authers on the rich world of private banking

DISILLUSIONMENT with high street banks and the derisory interest rates on current accounts might tempt wealthier clients into the arms of small private banks.

It should be stressed that you usually need to be very wealthy for joining a private bank to make any sense - the charges, detailed below, are often far higher than any you will pay in the high street.

Some newer banks, however, offer a different service. For example, Robert Fleming, a long-established merchant bank, now offers a high interest cheque account. The interest rates tend to outstrip the competition, but for the best services you will need quite a high net income.

Smith & Williamson, which started offering banking in 1970, having grown out of a Glasgow accountancy practice, offers a different specialist service. The banking is free while in credit but there is no interest on current accounts. Their special service comes from the assistance on tax which they can integrate with the service.

The small banks which most people associate with "private banking" grew out of goldsmithery in the City of London and remain exclusive, sometimes insisting on references from existing customers before you may join. These include C Hoare, famed for its close links with the legal profession and still independent; Child & Co, the oldest bank in England, now a trading name of the Royal Bank of Scotland; and Coutts, the largest and most expensive, now a subsidiary of NatWest.

These banks differ surprisingly in character. For example, if it matters to you that your bank manager does not have a beard, then Coutts & Co may have the answer. All its male staff, from the chief executive down to the office boys, are required to be clean-shaven. They must also wear frock coats and waistcoats while they are in the office.

Coutts finds that its customers value this adherence to tradition, although none of its competitors goes to the same

extreme of wearing its history on its frock coat sleeve.

Hoare, like Coutts and Child, refers to its main banking hall as the "Shop". The porters who guide you around the hall still wear a uniform of swallow-tail coats with brass buttons.

A typical perk is the narrative account, on offer from Coutts, Hoare, Smith & Williamson and Adam & Co available for an extra charge from Child. These list all the people who paid money into your account and all the people to whom your cheques have been paid. Many find this useful.

Adam goes a step further and offers personal profit and loss accounts, showing what you spent during the year, or during the month, on food or education, or taxation. This may well prove to be a bonus come the end of the tax year.

Personal banking from a specially assigned banker who will usually only have around 200 accounts to supervise is the other big "plus". The manager with whom you deal can be expected to have a broad view of your finances and to be in a position to guide you to other financial services.

If you dislike financial hassle, there are attractions in this kind of service, rather than talking to a number of different middlemen.

There are some tangible fringe benefits, in the form of invitations to dinner and, in the case of Coutts, concerto in the central garden court. Coutts also offers genuine leather cheque book and credit card holders. Whether you really think they are worth paying for is another matter.

These banks do not make it easy for you to forget their heritage. Hoare's previous clients include Samuel Pepys, Jane Austen, and Lord Byron. Its traditional strengths lie in serving the legal profession - the Inns and the High Court are both near its main branch in Fleet Street.

Coutts can count, first and foremost, with the royal family, who have been faithful customers since the time of George III. Their line-up

continues with the actors Keen and Kemble, Pitt the Younger and Pitt the Elder, the Duke of Wellington, Charles Dickens and Lord Tennyson.

Child & Co then wades in with clients from an earlier generation - Oliver Cromwell and Dean Swift. It also has traditionally close links with racing, and with Oxford University.

All this information comes straight from the banks' promotional literature. For some reason, the main high street clearing banks completely omit the names of previous clients in their advertising.

Coutts has by far the most glamourous office, at the head of the Strand. However, the spacious mix of the marble garden court, with golden ponds and plantaceous plants, comes oddly with the Victorian dress of the attendants. The overall impression is of a modern City office, not unlike the Snowdon aviary, peopled by the cast of a Dickens novel.

Hoare's premises look more Victorian - a small office is reached through a corridor where guns for use against Napoleon are on display and four top hats stand ready in the main shop. Child's office is open-plan, and looks more like a modern high street bank, although show cases display documents from the bank's early history, and ten guns acquired at the time of the Gordon (a Coutts customer) riots against Catholics are also in the middle of the hall.

However, not all the banks are ancient, or exclusively the preserve of "old money".

"Adam & Co was established in Edinburgh six years ago and aims for more entrepreneurial spirit. While the older banks cater for the nobility, Adam's typical client is typically someone who has just sold his share in a company, or floated it on the Unlisted Securities Market.

It tradition and status appeal to you then some of the old established names may seem attractive. But if you want value for money, you will need to shop around.



Adam & Co. Independent company, offering standard private banking services, including clever itemised accounts. New business usually comes from recommendations. Branches in London, Glasgow, and Edinburgh, with access to Visa cash machine network (for which charges may be levied). Average balance of £1,000 must be maintained to avoid charges of 50p per entry to the account. Interest accrues daily on balances in excess of £2,000, with maximum interest available on balances of more than £10,000. Students receive free banking in credit. (Tel: 071-353-4080).

C. Hoare & Co. Use of National Westminster branch network (providing access to Midland cash machines). Four separate branches in its main office in the Strand, plus branches in Fleet Street, Bath, Bristol, Eton and Winchester.

You get a narrative account, plus fringe benefits, such as leather holders for cheque books, bank cards and statements. Minimum average balance of £3,000 to avoid charges of £30 per quarter plus 75p per entry.

Robert Fleming A different animal, backed by a merchant bank. Provided you keep a high balance, it offers a high interest rate on cheque accounts. For the highest paying Premier Account, customers must be owner-occupiers with a gross income of £40,000 per annum. Minimum balance to avoid charges of £5 per month is £1,000, but interest is not available. Charges may be levied on cheques for small amounts. Branches in London, Bournemouth, Salisbury, Guildford, Dorchester and Blandford. (071-353-5377).

Smith & Williamson. Has been offering personal banking since 1970 and has unlimited liability. It is not a competitor of clearing banks, but scores through the accounting services it can combine with banking. Cheque accounts, with narrative statements, are free while in credit, but interest is not available. Charges are available on balances of £5,000 or more. You receive a Visa Gold card and

a fee. Virtually all new business comes from recommendations. (071-353-4080).

C. Hoare & Co. The oldest independent bank, with only two branches, both in London. Provides multifunction Visa cards, for use as cheque guarantee and cash machine cards (without interest being added). A family company, with unlimited liability.

References from current customers required before an account can be opened. Minimum balance of £750 to avoid charges of £3 per quarter plus 35p per entry. Free banking for students and under-25s. (071-353-4522).

Smith & Williamson. Has been offering personal banking since 1970 and has unlimited liability. It is not a competitor of clearing banks, but scores through the accounting services it can combine with banking. Cheque accounts, with narrative statements, are free while in credit, but interest is not available. Charges are available on balances of £5,000 or more. You receive a Visa Gold card and

£250 cheque guarantee. Telephone banking is offered. (0708-766995).

Council Tax is unveiled

HOW WILL the new Council Tax affect you, if and when it finally rolls into action? Some patterns can now be discerned through the fog of figures which surround the tax, which will be introduced in 1993.

The sizeable reduction in bills compared with the poll tax which the Conservatives are hoping for can be enforced, if the government provides enough money from central funding. However, this would lead to continued "gearing", where small differences between council spending and government estimates lead to big variations in the tax levied.

The most important difference of the new tax will be the valuation of your home. In the words of environment minister Michael Heseltine: "Properties in England will each be allocated to one of seven bands. There will be no need for precise valuations of every house or flat, nor need there be regular general revaluations."

These are personal elements. These charges are made on the assumption of two adults living in the dwelling. If you are the only adult in the property, you will only pay 75 per cent of the council tax.

The rules on second homes are similar to those for the poll tax. You will have to pay the full council tax on any holiday home, but with a 50 per cent discount. However, David Hunt, the Welsh Secretary, has asked for further consultation and it is possible that holiday homes in Wales will not receive the full 50 per cent discount.

Those on the lowest incomes will not have to pay anything. If there is only one person above the income support line in a household, they will be taxed as a single person. For students, the current plan is that a household of full-time students (including student nurses, apprentices and YTS trainees) would pay 50 per cent. If a student is the only or second adult in a property, they will receive a 25 per cent discount.

It looks good if you share with several others in a northern inner city. If you live on your own in a south east suburb, it is not such good news.

■ How much is yours worth?
- Page IV

John Authers

Money Market Cheque Account from Bank of Scotland.

THE ULTIMATE HOME FOR ALL YOUR MONEY. INTEREST CREDITED MONTHLY AND SO ACCESSIBLE WITH NO PENALTY FOR INSTANT ACCESS.

Compare the benefits with your existing investments. Do you enjoy - • High interest related to Money Market rates • No notice of withdrawal • A cheque book for easy access - no cumbersome withdrawal problems • Easy lodgement of additional funds • A Bank of Scotland Visa Card* • The security of a major UK clearing bank • A monthly income facility with interest paid to any UK bank account.

ADDITIONAL DETAILS

* The only requirements are that your minimum deposit is over £2,500 and that any transaction through the account (except a Bank of Scotland Visa payment) is over £250. • Cheques may be made payable to third parties • Statements are issued quarterly, or more frequently if you wish • Interest rates are variable and published daily in the Financial Times and Prestel, page 3951128.

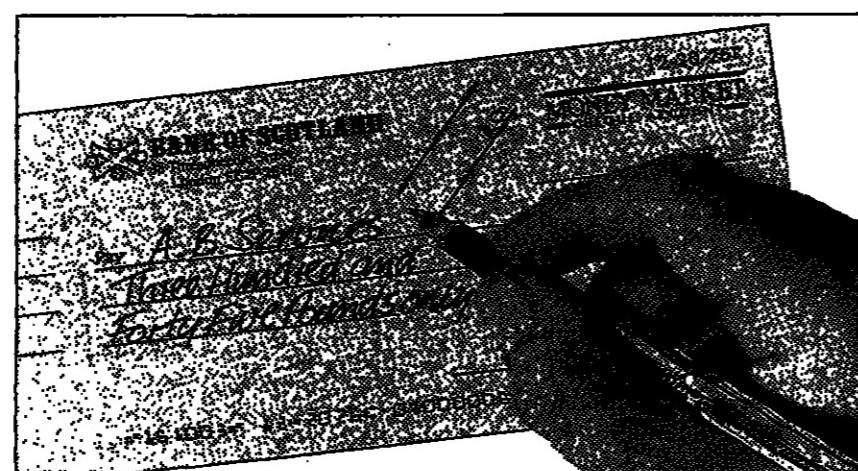
TO OPEN YOUR OWN MONEY MARKET CHEQUE ACCOUNT...

Simply complete the coupon, enclose your cheque, and post to: Bank of Scotland, FREEPOST, 38 Threadneedle Street, London EC2B 2BB.

An acknowledgement of your deposit will be sent by return and your cheque book will follow a few days later.

Bank of Scotland Money Market Cheque Account.

*Subject to status and permanent U.K. residency. Full written details available from the above address.



• Available throughout the UK

- No need to have another account with us
- Interest is calculated daily and either applied monthly to your account or credited to any UK bank account
- The first nine debits per quarter are free of charge, thereafter a charge of £1 per debit will apply
- Money Market Cheque Account is available through Home and Office Banking (HOBS®) another leading service from Bank of Scotland.

(Tick box for details.)

Full terms and conditions are available on request. GROSS - Applied rate for interest payable when income tax does not require to be deducted. NET - Applied rate for interest payable after deduction for the deduction of income tax on the basic rate (currently 25%). Net rate payable only certain investment dividends. CAR (Compounded Annual Rate) - This is the Gross or Net rate adjusted to take account of interest applied during the year remaining in the account and itself earning interest.

To: Bank of Scotland, FREEPOST, 38 Threadneedle Street, LONDON EC2B 2BB.

*I/P/C wish to open a Money Market Cheque Account.

*I/P/C wish to open a Money Market Cheque Account.

*I/P/C enclose a cheque made payable to Bank of Scotland for £ _____ (minimum £2,500).

Full Name(s) _____

Address _____

Postcode _____

Date _____

Please enclose a copy of your bank account details.

For joint accounts, all parties must sign the application, but only one signature will be required on cheques.

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FINANCE & THE FAMILY

Financial retailing to be reviewed

The two main methods of selling finance products are to be scrutinised by SIB, reports Barry Riley

IF YOU do not know or understand what polarisation of the retailing of financial products means, do not worry: few members of the British public know much about this esoteric subject, even though it can be very important when you take out an endowment mortgage contract or a personal pensions plan.

Indeed, so low is public awareness that this week the Securities and Investments Board, the body which supervises investor protection, decided to undertake a review of investment retailing, three years after the current regime was introduced as a result of the implementation of the Financial Services Act.

High on the agenda will be the future, if any, of polarisation and of the formulae for disclosures of commissions, early surrender values and other important information which are imposed by the current retailing rules.

Polarisation is the name given to the division of retailers of financial products into two camps:

Independent financial advisers (IFAs) must give unbiased advice on all the competing products in the market place. Salesmen or tied agents, on the other hand, may only represent one company, and need only recommend the most appropriate

product from that company's range. It is illegal for an IFA to have special links or contracts with individual product providers. Equally, it is an offence for an Allied Dunbar salesman to sell a policy from Standard Life or Sun Life even if it is demonstrably better than anything from his own company's list.

The rigid rule applies right across the market, from one-man firms to mighty financial institutions. For instance, National Westminster Bank is an IFA in all its branches, whereas Barclays is tied to its own in-house life company.

Polarisation originally emerged as a concept around 1986 from a life industry think tank called the Marketing of Investments Board Organising Committee (Miboc), which was set up to pave the way for the Financial Services Act.

Miboc attempted to reconcile pow-

erful rivalries between direct marketing companies with big salesforces, such as Allied Dunbar, and other life companies, notably the big Scottish生命 insurance companies which sold nearly all of their policies through IFAs.

Many in the industry wanted to preserve the role of IFAs, which at that time handled perhaps 60 per cent of the industry's business, but Miboc disagreed. The MCA was scrapped and commission rates jumped by 20 or 30 per cent. That gave IFAs more money, but

the formula seemed neat to the

Securities and Investments

Board has therefore been forced to conclude that the present framework is not serving, as originally intended,

at the same time they were told to disclose more about their income to clients.

It was the last straw for many of the banks and building societies which one after another tied to single life offices (NatWest and Bradford and Bingley Building Society are the only significant remaining exceptions). The Halifax Building Society, for instance, tied to Standard Life after conducting research among its customers which indicated that they were happy to rely on Halifax's own name and reputation and attached little importance to independent status.

The IFA share of the life and pensions market has therefore slumped, perhaps to 40 per cent or less, and the specialist self-regulatory organisation which supervised IFAs, called Fimbra, is in financial difficulties, partly because of shrinking membership.

What is more, Sir Gordon Borrie is still on the warpath, this time insisting that clearer disclosure of commissions should be made by IFAs to clients. IFAs fear that this could put them at still more of a disadvantage compared with salesmen and tied agents.

The Securities and Investments Board has therefore been forced to conclude that the present framework is not serving, as originally intended,

to maintain a strong independent sector. It is coy about what it may decide to do about it, but several possibilities will be on the agenda. They will include:

■ A new multi-tiered status which would give both small firms and big banks more flexibility in building ranges of products without claiming to give full market coverage.

■ A change in the balance of disclosures to clients so as to reduce or eliminate the advantages currently enjoyed by salesmen over IFAs.

■ The improvement of disclosure on costs and investment returns so that intermediaries, the technical press and consumer organisations can point good and bad companies through the compilation of league tables.

This could all lead to a huge upheaval for the life industry and the various regulatory bodies. According to SIB, the principle behind the review is that "there should continue to be available high quality sources of independent financial advice".

And maybe the message is starting to get through to the public. Executives at the Halifax, for example, say that there has recently been a slight increase in the proportion of their customers who believe that independent advice might have advantages.

Hidden expenses of life policies

Eric Short, pensions correspondent

WHEN YOU buy a life policy there are two important factors — the underlying investment performance that the life company will achieve and the expenses it will incur.

It is far from easy for potential investors, and independent advisers, to judge the likely future investment performance from a company. Past performance trends are a guide, but far from infallible.

However, it is easier for the investor to get a clearer guide to the level of expenses and their effect on the ultimate return if presented in a format that he can understand — namely an illustration, in money terms, of the maturity or cash-in value at the end of the investment period.

Yet the various regulatory bodies have banned the use of such illustrations.

Life companies and independent advisers have to provide all benefit illustrations on the basis and assumptions laid down by Lautro (Life Assurance and Unit Trust Regulatory Organisation). Thus every life company produces the same illustrative figure for the same contract. It does not distinguish high and low expense life companies.

The argument put forward by Lautro to justify its decision is that contracts should not be sold solely on the basis of an illustration — a practice that was widespread in pre-financial services days and led to considerable abuse.

However, the danger to the potential of using standard illustrations is that they may feel that there is no expense difference between life companies — an impression that the high-expense companies have not contradicted.

Investors are given details of a life company's expenses. But under Securities and Investments Board disclosure rules the details are given:

■ within the cooling off period after the contract has been bought;

■ as a percentage deduction from the investment return.

So the investor is given information in an opaque form after he has bought the contract, and then faces the hassle of cancelling the contract if he does not like the expense deduction.

Even if he could understand the significance of the yield figure, which is unlikely, it only relates to that particular contract with the life company.

The table shows that the longer the period to cash-in, the greater the significance of investment performance.

But how many contracts are kept in force for 25 years before being cashed-in? And the tables show that even over 25 years, the influence of expenses is far from negligible.

So investors and advisers need to classify life companies according to their perceived investment potential and their expense level.

Finally, the tables highlight that the Lautro illustration basis is useless in that the expense assumptions are lower than the expenses currently charged by virtually every life company. Only London Life can match Lautro on expenses.

Nationwide Anglia has cut its rates by an average 1.15 per cent gross.

Rates on the various accounts now vary as follows:

*Copies of the article (80) or the issue (25) can be obtained from Alison Hannah, Money Management, Greystoke Place, Fetter Lane, London EC4A 1ND.

Sources: Money Management. Man aged 25 paying £50 a month into a unit-linked savings plan.

Projected 10 year Cash Payout

Assumed growth 7% p.a.

Charges None

Lowest (London Life) 4,780

Average 4,850

Highest (Sw Pioneer) 3,463

Lautro basis 4,780

Yield rate (%) n/a

Return (£) 6,206

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FINANCE AND THE FAMILY

Currency funds: for the bold only

How can you profit from the dollar's strength? Philip Coggan investigates

THE US dollar has taken many people by surprise this year by the speed with which it has risen on the international currency markets. Many investors must be wishing that they had shifted funds into the US currency in January.

It is possible to back your hunches in the foreign exchange markets by investing in an offshore currency fund. The average dollar fund earned 46.26 per cent offer-to-offer, in March alone and 12.35 per cent over three months, according to Finstat.

"There are two main types of currency fund: a *managed fund*, where the manager picks and chooses which of the world's major currencies he or she expects to do well, and a *single currency fund*, which simply invests in short term deposits of the currency concerned. It is then up to the investor to pick the right unit.

These funds can be offered in two forms. Accumulation, or roll-up, funds were extremely popular in the days when it was possible to use them to convert income into capital gains - and make a tax benefit.

The Inland Revenue has put a stop to the practice but it is still possible, if the income is not repatriated, to postpone the date when tax is paid.

Distributor funds, in contrast, pay out their income gross, and this makes them attractive to non-taxpayers such as non-working wives.

The reward from a currency

fund comes in two ways. The manager invests the fund in interest-bearing deposits to earn income. The return varies depending on the level of interest rates in the country concerned. The Old Court Spanish peseta fund, for example, is currently yielding 13.2 per cent; the Singapore dollar fund is yielding just 3.49 per cent.

Capital gain arises if the currency or currencies selected rise in value against the pound. The danger, of course, is that the currencies fall against the pound and the investor loses money.

The charges depend on the type of fund that you choose. Managed funds carry an initial charge, slightly lower than on a unit trust. The Old Court (N M Rothschild) initial charge on the managed funds is 3 per cent and the charge on the Guinness Flight managed fund is to be increased from 4 to 5 per cent, from April 30.

Single currency funds carry no initial charge. Both sets of funds have annual management charges, 0.5 per cent a year in the case of Guinness Flight as from April 30, 1 per cent in the Old Court range.

Minimum investments vary with the Rothschild funds setting no minimum at all and Guinness Flight about to raise its minimum to £5,000.

Among managed funds, Guinness Flight International Managed Currency is top over seven and ten years, achieving growth (offer-to-offer with



income reinvested) of 131.6 per cent and 351.6 per cent respectively. But to show the risks involved in this area, the worst performing fund - Forex Fund - actually lost 11.1 per cent over seven years.

Of the single currency funds, four of the top five over three years were Australian dollar based, with the best performing being Lloyds International, which returned 70.5 per cent. The same fund was the best over five years, with a 81 per cent return, although one or

two sterling-based funds were not far behind.

It paid to be adventurous in 1984, since the two best funds over seven years are in Italian lira (124.9 per cent) and Danish kroner (119.3 per cent). Both are part of the Old Court range.

Old Court funds also take top billing over ten years, with the Italian lira (304.9 per cent), Canadian dollar (257.9 per cent) and French franc (236.6 per cent) in first, second and third place respectively.

To put this into perspective, the average UK general unit trust returned 39.8 per cent over the last ten years - and indeed the average UK general trust beat the best currency fund over seven years as well. This merely illustrates the oft-repeated investment belief that equities offer the best returns over the long term.

On the other hand, it is quite surprising to find how few funds have actually lost money over longer periods. Ten managed funds are down in price over one year - including two which have fallen by 26.6 per cent. That is the kind of fall that can easily occur with a conventional unit trust, but it might be a different story if there was a sharp rise in sterling against other currencies.

The other kind of risk is much more difficult to quantify. By being offshore, the funds do not qualify for the UK's compensation scheme, although some will be backed by local investor protection plans. Much may depend on the safety of the company concerned and it is perhaps unsurprising that the blue-blooded N M Rothschild is the largest in this field.

This is not, therefore, an area in which the small investor should speculate. But if you are giddy about the prospects for sterling, or if perhaps you have a regular need to use one currency, such a fund might be worth considering.

Pension letter query

AFTER starting employment with Bowlers in 1987 and being taken over by the Meyer group, I had, by the time that I left Meyer International in 1987, accumulated some 20 years' benefits in the group pension scheme.

Although in a letter dated 1987 it was pointed out by Meyer that my various "options" would be set out, nothing of this sort was ever provided. Not until I started a top-up scheme with one of the major pension fund managers was the matter of a transfer considered.

However, both my letters and those sent by the pension fund (the Sun Life of Canada) went with a deafening silence from Meyer.

It is now more than a year since I first started to investigate the question with Meyer International. Can you advise if I have any means of applying pressure in this affair? Do I start to pester the chairman, perhaps?

If you are unable to get any response from your former employer you can approach the Occupational Pensions Advisory Service (OPAS), 11 Belgrave Road, London, SW1V 1RB. Tel: 071-223-0800.

What are my rights?

I HAVE recently received an increase in my company pension. The note enclosed with this information states: "The

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Increase will be applied to that part of the pension you receive from the company group pension and assurance scheme which is in excess of the guaranteed minimum pension, as the latter is already inflation-proofed from the state retirement age by the government.

I would appreciate it if you could explain to me what this means and how much is the guaranteed minimum pension.

The term "guaranteed minimum pension" is used to describe that part of your company pension which replaces the pension you would have received from the State Earnings Related Pension Scheme if you had not been contracted out.

This GMP is fully index-linked in line with the Retail Price Index and the increases get paid by the state in the form of an addition to your state pension.

This is the reason why your employer only needs to provide cost of living increases for the balance of your company pension over and above GMP. This standard practice where pension increases are awarded.

Each person's GMP will vary according to the amount of state earnings related pension that he or she would have achieved depending upon earnings, age and the number of years in which contributions were paid.

Directors' Transactions

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Allied Textile Co.	60,000	240	1
BPP Holdings	40,400	121	2
Brabant Resources	65,000	25	1
Brockstok	73,750	111	1
Cadbury Schweppes	283,000	2*	
David (Godfrey) Hogg	130,625	210	1
Eurostar	9,000	22	1
Electra Inv. Trust	5,625	57	1
Furnessiv	25,000	50	1
Guinness	20,000	122	1*
Johnston Press	85,000	177	1*
Lloyd Thompson	830,000	2,249	1
London & Manchester	31,982	107	1*
Maunders (John)	500,000	600	1
Metalrax	1,200,000	1,032	1
Pearson	10,000	73	1*
Proudfoot Alexander	735,200	2,970	6*
Prudential Corp.	77,250	184	1*
Redland	70,564	415	2*
School (CCRP's)	700,000	595	1
Schroders	140,260	855	2*
Shell Trans & Trade	249,000	1,284	2*
Sinclair (Wm)	45,761	117	1*
Surrey Group	2,000,000	124	1
Tay Homes	200,000	318	1
Vinten Group	250,000	550	1
Waco	500,000	1,225	2*
Wair Group	112,909	385	2*
Wolesey	50,184	183	1
PURCHASES			
Baker Harris Saund	165,000	73	2
Brenner Inv. Trust	35,000	56	1
Card Group	85,000	51	6
Herry & Sime	50,000	59	1
Weco Group	100,000	263	1

Value expressed in £100s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, worth over £10,000. Information released by the Stock Exchange 15-19 April 1991. © 1991 Director's Ltd, Edinburgh. Directors' Interests in Securities, page 1, contains details of the latest director's interests in securities.

Capital Gains Tax and you

THE INLAND Revenue has now published its March indexation table for those wishing to calculate their capital gains tax liability.

The table shows the allowance which investors can make for inflation on assets sold in March. To calculate your liability, multiply the original cost of your shares by the figure shown for the month in which you bought them. Then subtract that indexed sum from the amount you received when you sold the shares.

For example, supposing you bought shares for £5,000 in March 1983, which are worth £12,000 now. Without indexation, your gain would be £7,000, above the 1990-91 capital gains tax allowance of £5,000 (the 1991-92 allowance has been increased to £5,500).

However, using the table, you multiply £5,000 by the March 1983 figure of 1.581 to reach £7,905. Your indexed gain is just £2,095 (£12,000 minus £7,905), well below the CGT allowance.

March CGT Indexation allowance					
1982	1983	1984	1985	1986	
Jan	—	1.561	1.513	1.441	1.365
Feb	—	1.584	1.507	1.429	1.380
Mar	1.654	1.581	1.502	1.416	1.358
Apr	1.621	1.559	1.482	1.388	1.345
May	1.610	1.532	1.477	1.380	1.343
Jun	1.605	1.549	1.473	1.377	1.344
Jul	1.605	1.540	1.475	1.380	1.347
Aug	1.604	1.534	1.461	1.376	1.343
Sep	1.605	1.527	1.458	1.377	1.337
Oct	1.597	1.521	1.449	1.375	1.336
Nov	1.590	1.516	1.445	1.370	1.323
Dec	1.583	1.512	1.446	1.368	1.319
Jan	1.314	1.272	1.184	1.100	1.009
Feb	1.309	1.267	1.175	1.093	1.004
Mar	1.306	1.262	1.170	1.082	—
Apr	1.291	1.242	1.150	1.050	—
May	1.288	1.237	1.143	1.041	—
Jun	1.289	1.233	1.139	1.037	—
Jul	1.291	1.231	1.138	1.035	—
Aug	1.287	1.218	1.135	1.028	—
Sep	1.283	1.212	1.127	1.016	—
Oct	1.277	1.200	1.118	1.008	—
Nov	1.271	1.195	1.109	1.011	—
Dec	1.272	1.191	1.108	1.012	—

Source: Inland Revenue

and explain, there can often be some accommodation," said Knif Castle, principal of Cheltenham Ladies College. "We don't have the sort of endowment that enables us to help as much as some boys' schools, but we do, from fee income, help where we can. If parents fall into difficulties we assist." Castle said that at present 106 girls receive help in the form of scholarships, bursaries or grants given by the College. About half of these are actually on scholarships while the rest are being helped in cases of financial need. Although

she did not have an exact comparative figure, Castle said her impression was that cases of financial need were about 25 per cent up on last year.

Geoffrey Parker, headmaster of Manchester Grammar School, said that the school had a policy of taking suitably qualified boys regardless of ability to pay the fees. About one quarter of his pupils are receiving assistance. "Usually we are helping people in difficulty to the tune of about five or six a year," he said.

Barbara Ellis

The Fund Managers

How Perpetual profits from a fresh outlook

Perpetual unit trusts			
Size (£m)	Launched	3 yr performance	

TRAVEL

Where souls go astray

Jack Barker goes trekking to meet the hill-tribes of north-west Thailand

A map of the hill-tribes of south-east Asia looks a bit like the markings on an exotic butterfly. Even the simplest code needs seven different colours to differentiate between the major ethnic groups.

The tribes-people themselves view tourists with curiosity but not hostility. This is not always true of their governments. Most independent travellers in Laos, Burma, Vietnam and China are assumed to be spreading revolution and dissent unless they can prove otherwise.

North-west Thailand is the one place where it is possible to visit the hill-tribes, whether alone or in a group.

HERE WAS no question about it. The fellow took a log at the end of an exhausted, uphill forest path had my name on it. I sat down on it and looked through the thin dry forest at the path ahead. It snaked around a steep shoulder, but seemed at last to have finished the long, steady ascent.

Suddenly, bouncing cheerfully up the hill, came a young Lahu man. He was wearing a broad black smile and a stylish billowing black shirt, and was carrying a bird gun with a long, thin barrel. He sat down, not for a rest but for a cheerful conversation that in the absence of a common language soon fell into a companionable silence.

Telling up the hill in his wake were three women, using headbands to carry heavy baskets. They unshod their loads and sat on the ground, politely agreeing that it was no mean slope but showing no signs of weariness. Their black jackets hung fastened in the customary way, with a single button under the chin leaving the breasts largely exposed: a style designed to facilitate breast-feeding.

I let the locals go ahead, somewhat stunned by this sudden rush of activity, for I was deep in the hills near the Burmese border in the north-west of Thailand and hadn't expected so many people.

Finally, I came to the village. Teak-framed houses stood in small gardens fenced off with split-bamboo screens. Pigs, chickens and children played in the yards and stopped and stared at what I thought was a white face. In fact it

was red. The curious came out on to the path and stared after me, touching each other and giggling.

Although I was travelling in a group of eight, we had split into straggling ones and two by the time we arrived at the village. We were introduced to the headman by our guide and shown the floor that was to be our bed.

Typically, the house we were staying in was built on stilts and was made around a teak frame and floored with sheets of bamboo. Widely-spaced steps gave pig-proof access to a wide veranda with views over the village and to the mountains beyond.

As I returned from the fields, all the villagers stopped to look us over. Some even turned back for another look. With no television or radio, we were entertainment. A meal was cooked for us by our guide, who chatted to the locals and made us feel less like intruders.

Whatever the cultural achievements of the hill-tribes, cooking is not one of them. Meat only creeps on to the menu as part of a religious ceremony: the smell of the cooking is sacrificed to the gods and the tribes-people eat the rest.

Some of the religious beliefs of the hill-tribes seem rather less sensible and are often inexplicably tied up with health care. Although prayer may seem a reasonable cure for some ailments – stress or depression, for instance – it cannot be expected to cure everything. But the local巫医 (witchdoctor) do know of some ailments as yet unknown to western medical science.

An example of this is soul loss. Workers in the fields suddenly notice a sudden lassitude and a desire to lie down. Apparently this is not just a reaction to the back-breaking lifestyle that limits their life expectancy to the late 40s, but means that their souls have gone astray. Luckily, any hill-tribe shaman (witchdoctor) has a personal method of tempting souls back. In a complicated ceremony involving candles, split logs and a lot of string, the Lahu tribes draw souls back from their holiday to be secured in the body by small cloth wristlets.

If they are worried by their own spirits getting lost, they are even more concerned about bad spirits getting into their villages. Apart from the resident spirit living in what is usually the only cupboard in any hill-tribe house, ghouls and ghosts are not welcome. Woven bamboo circles are made as guards and each year exorcisms are held in every house.

The religious convictions vary

depending according to the specific tribe, but this is the least of their differences. Villages in adjacent valleys often speak different lan-

guages, wear different clothes and have different customs. There are seven main ethnic groups, which can be divided endlessly by anthropologists.

These cultural differences were built up in southern China. All the hill-tribes are traditionally nomadic, moving every three to 15 years to exploit new pastures. Over the last 200 years word spread through China of vast, untouched forest in the countries of south-east Asia,

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Garry Booth on the eclectic properties on offer through the Landmark Trust

The Pineapple is an elaborate summerhouse of two storeys built in 1761 for the 29-year-old Earl of Dunmore (later Governor of New York and of Virginia). Though classical and orthodox at ground level, it grows slowly into something entirely vegetable: conventional architecture puts out shoots and ends up as prickly leaves of stone. It is an eccentric work, but of undoubted genius... every leaf is drained to prevent damage by frost.

FOR SUCH an exotically quirky description to belong to a Scottish holiday home (four beds and around £200 per week, depending on the season), the Pineapple has to be out of the Landmark Trust handbook.

Sandwiched between The Pigsty ("an exercise in primitive, almost barbaric classicism"), which is a twin-bedroomed Doric pigsty overlooking Robin Hood's Bay, and Plas Uchaf, Clwyd (the 15th century ancestral home of the Hughes of Gwernas, descendants of Iorwerth, third son of Owain Glyndwr), the inn is typically, and lyrically, irreducible.

The Landmark Trust, brainchild of Sir John Smith, was founded to rescue interesting but dilapidated buildings and let them for holidays. Some are cottages and houses, some are castles and forts and some, like the Sandringham Water Supply Tower (which sleeps four), are more functional. All are unusual, carefully furnished and well equipped with information on local history and geography.

Sometimes far flung, the properties always have a link, physical or literary, with Britain. The trust has the lease on the third floor of Piazza di Spagna in Rome, for example. These campers tend to be fiercely dedicated to the original aims of the trust as laid out by Sir John and can be prolific in committing their thoughts to the log. It will be interesting to read their reactions to the trust's plans for the future.

Twenty-five years and 200 revived historic buildings since its formation, the trust now has to come to terms with its own landmarks: the retirement of Sir John Smith and the withdrawal of its principal benefactor, the Manifold Trust, a grant-making charity created by him. If the Landmark is to continue its good work it will have to look for new sources of funding which, according to the trust's Rebecca Morgan, could mean opportunities for company sponsorship.

There are a lot of good reasons for a company to sponsor the Landmark Trust, she says – not least, to help "fight the forces of destruction and make the conservation of historic buildings a matter of public concern".

Commercial sponsorship could seem like a sell-out to hard-core campers, but the trust has an exciting, expensive rescue schedule ahead of it which includes Naukashia, Rudyard Kipling's chalet home in the US ski resort of Vermont.

For further information: Rebecca Morgan, the Landmark Trust, Shotover Brook, Mardenhead, Berkshire SL6 3SW. Tel: 0628 825 525.

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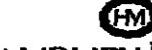
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PERSPECTIVES/GARDENING

My wife, life and France

Nicholas Woodsworth ponders the difference between the French and the English and their most mysterious ways

FOR THE first two or three years we were married, I thought I knew my wife. There is nothing for plumbing the mysteries of the soul like negotiating one's way through married life. Now, a decade later, I realise I may have plumbed the top quarter. Could it be because I am Anglo-Saxon and she is French?

At the end of dinner, is dessert followed by cheese or cheese by dessert? When a man is visiting his wife's family at the weekend, does he, by way of greeting his father-in-law, simply say hello, or embrace him and kiss both whiskery cheeks? Just where, if you think you have a temperature, do you place your thermometer? These are some of the thousand daily questions, the lighter commerce of a *deux*, that mark Anglo-French alliances.

This is small beer, you say. People who live either side of London's Marylebone Road have different ways of doing things. So they may. But I know an English man married into a clan of perfectly modern and charming Parisians, who swears that English fidelity and the battle of Agincourt are verbally held against him each time he tries to break with accepted family tradition.

This is not personal *tic*, the expression of individual character. Nor is it family, background, money or class. This is history, a thousand years of skirmishing, sometimes bitter, sometimes light-hearted, between Gaul and Anglo. Politics, sex, food, manners, the exchange rate mechanism; no matter how you cut the *gâteau*, these are two groups of people who see the world very differently.

Three days after I arrived in France in 1979, for what was supposed to be a short Christmas holiday, the slim French woman I had met on holiday the year before took me to her family's Christmas dinner. Held every year at her uncle's farmhouse in the hills of the Vaucluse in Provence, it is a traditional affair that reunites every blood relative for 100 miles around, from Collette, who dabbles in left-wing politics in Marseille, to Jean-Jacques, who grows tomatoes outside Avignon.

It was a splendid gathering, a tribal celebration at which a family of 25 sat down to a long, cloth-covered table and, for four hours, talked and feasted on food the likes of which I had never seen before.

There were small, bright red crayfish, salads garnished with truffles snuffed out of the earth by a neighbour's spade, wild boar shot in the nearby hills, small thrushes neatly trussed in butcher's string, wines from the vineyard behind the house.

Throughout there was talk – village gossip, the price of artichokes, hunting stories, wine love, advice on goat's cheese, reminiscences of other Christmases, hard times, the war. And throughout I was speechless, largely because I had a dozen words of French at easy command, but also because I was overcome here was a whole universe of traditions, rituals, habits and gestures

English opinion, both historical and tabloid, has it that the French are full of themselves. It is one thing to drink their wine but can you, as the Americans say, do business with them? They are arrogant, duplicitous and over-conscious of national glory. One moment they are blaming the English for burning Joan of Arc. The next they are trying to make Jacques Delors president of an emasculated Europe. Never, runs this conventional wisdom, turn your back on a Frenchman.

There are entire theories, complete pub-lunch arguments elaborate as to why the French should be such a problem bunch. I like the popular one that places the whole long relationship in the Freudian category of problems. It runs something like this:

Intellectually, aesthetically or in any question of the heart, the French believe themselves unparalleled. They pride themselves on philosophical thought and fancy themselves as god-like designers. But with women and *la Patrie*, no emotional depth can be too excessive. In matters of taste, style and panache, they will brook no questions. France may have lost battles and colonies, but honour is intact and the mission civilisatrice proceeds apace. Paris, as far as the French are aware, is the centre of the universe.

France's perception of itself, the theory runs, is really due to a massive inferiority complex. If the French are continually crowing of their superiority, if they seek national greatness and dignity in Napoleons and de Gaulles, it is because they are a people whose roots lie deep in a rural peasant culture. Even the French, in their insecure heart of hearts, know this is true. "What is France, I ask you? A rooster on a dung heap. Take away the dung and the rooster dies." If Jean Cocteau could say it, who are the English to argue?

There is, of course, an additional, unstated argument implicit in this line of thought: the English have no need for strutting, intellectual posturing, sexual bravado, rude displays of individualism or any other kinds of unbecoming behaviour – they just quietly get on with being what they are: superior.

All this, as far as I am concerned, is intellectual flim-flammy. The English who compose these complex theories, write these erudite books, form public opinion, do so from farmhouses in Normandy vastly different from my own.

Understanding nothing, I was fascinated.

More than 10 years later, I am still fascinated. My French is better, and I stayed beyond the Christmas holiday. I am now part of that family. But I am not sure I understand a great deal more. France remains what it was for me that day, a heady mixture of tribal traditions, an exotic affair.

Every year, and on both sides of the English channel, there are thick books published about the French, their national identity and what makes them so different from the English. Some are affectionate. Others, behind a catty, chauvinist sort of humour, hide a mistrust of all things French. All, however, agree that there is a great deal more separating the English and the French than the channel.

and flats in Paris, where they have escaped to enjoy life. They enjoy the frog's-legs and baby quails that the offending French peasant culture produced; they enjoy French women, French coffee, French painting, French sophistication, French intellectual curiosity and freedom. Unbound, away from English tradition, they enjoy French life. Moan as they may about the nasty French, the English keep coming back for more.

France is indeed a place of different values, manners, and attitudes. And there are things that foreigners in France are quite genuinely upset by or see no need for.

"Try living with French bureaucracy – post office, electricity board, telephone company, or any other state organ; petty officiousness has never been more officious."

Have an impatient Citroen XM

speed up to 100 km an hour on the autoroute, flash its lights, then sit on you until you move over; this is not just rude,

it is lethal.

Write the most ordinary of busi-

ness letters and you might find that the concluding "vours sincèrement"

salutation – "Veuillez agréer, cher Monsieur, l'assurance de mes sentiments distingués" – is almost as long as the text. French social formalities can make easy chores preposterous.

A hundred things like this make Englishmen fume. I have spent entire evenings listening to dinner-table diatribes against the French.

The raving goes on, however, as

the concluding "vours sincèrement"

salutation – "Veuillez agréer, cher Monsieur, l'assurance de mes sentiments distingués" – is almost as

long as the text. French social formalities can make easy chores preposterous.

I have given up trying to wholly

understand the taller at the Credit

Lyonais, the *garagiste* down the street, or Jacques Delors. These

days, when one functionary in the town hall tells me I cannot have my work permit until I have my residence card, and another at the police *commissariat* tells me I cannot

have my residence card before I am granted my work permit, I merely sigh.

I give, in fact, a Gallic shrug. I may have to wait until another Christmas dinner passes before the town hall and the *commissariat* sort out the problem. In the meantime there are a hundred other, more agreeable mysteries that need fathoming.

The first is my wife.



The trials and tribulations of the married couple: Adam and Eve in the cathedral of St Marie, Auch

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GARDENING

Flowers with undergraduate habits

Robin Lane Fox on the great beauty of fritillary time in Oxfordshire

IT IS time to be sowing hardy annuals directly into the garden, to be planting gladioli and be spending loads of money on the lawn. I had intended to write on the latest advice from two experts about seed-sowing, to suggest plants of the easy *Agrostemma*, sown now as annual pot-plants, and to remind you about hardy violas. Nature has over-taken my intention.

This week marks one of those sights which does not recur often, like the exceptional flowers on the magnolias in the sunshine of the last two years. It is fritillary time in Oxfordshire. It looks as if the flowers will hold their best until Sunday, if you want to let Mother Nature bowl you over with the best sight in the country.

Fritillaries have weird flowers of chequered purple which hang like bells or the diceboxes from which they take their Latin name. They are sombre, subtle and exquisitely variegated.

I have always believed that best fritillaries live in the heart of Oxford in Magdalen College's Addison's Meadow by the River Cherwell, where the public can visit them between 2.30 and 6.15 in the afternoon. There have been rival claims from meadows upstream on the River Thames, protests from Gloucestershire, and mutterings in Wales. From time to time, a bypass or a builder threatens one of the few old

fritillary meadows somewhere else,

and people then protest that it is one of the finest habitats in England. Perhaps it is, but it is not the greatest. While most other wildflowers have been uprooted or ploughed into oblivion since 1980 and multiplied. They have not left the challengers standing.

Admittedly, the setting is special, the central meadow of the walk where Joseph Addison reflected on landscape gardening in the early 18th century and began to rebel against the formal style. From these reflections, a new movement was to begin in English landscape gardening, which led to the natural style. Capability Brown and our greatest export, the natural English park. While Addison reflected on the natural beauty of the College's trees, there must have been fritillaries in the meadow beyond him. He never mentions them, perhaps because they were still a common sight, perhaps because he was like me. Twenty years ago, I remember walking hopefully in Addison's footsteps and being pleased to find two small clumps of fritillaries in flower by the edge of the raised walk. It never occurred to me to look sideways through the trees into the meadow where they grew in thousands.

Perhaps Addison never looked closely: nowadays, he could hardly miss them. In the 1980s, Magdalen

changed the meadow's management.

The grass was no longer turned over to pasture in early summer; it was left to grow undisturbed until later in the calendar, when it was made available to new browsers, the College's famous herd of deer from the deer park. At the same time, the meadow was fenced off, impeding the undergraduates, who had a tradition of romantic

footprints.

As a result, the fritillaries have begun to multiply, not in tens or twenties but by the 10,000. The further you walk, the thicker they become behind their protective fence of netting. Perhaps England was once like this, with a million flowers in the meadows before anyone drained them and used the plough. This weekend, this old grassland has become a pointillist landscape of purple and white, best seen in a gentle breeze. On their grey-green stems, the fritillaries then swing socially together, as if they are engaged in secret conversation. They like the damp, the deer, the peace of ages, and the grass which has not been disturbed for centuries.

Nature, of course, is a fickle mistress. The fritillaries, which multiply in this Oxford meadow, refused stubbornly to multiply in my own Oxford patch of rough grass. Success, too, brings its own complications. It is not so much that the fritillaries have undergraduate habits and intermingle freely: the basic Magdalen type is a dark, sombre maroon, but there are whites and purples, too, and therefore some wonderful half-castes, white with purple stripes or pale mauve with white stripes on backgrounds.

Nurserymen would sell these variations at ever-higher prices. The problem, rather, is that something has started to eat the flowers. Like a per-

fect market, nature corrects her imbalance. The meadow changes its grazing: fritillaries then multiply; something (the books give no clue) then starts to eat the feast of fritillaries.

Does anybody know the culprits? They cannot, I think, be furnished

HOW TO SPEND IT

The heavy mob's out to hook more cooks

Le Creuset makes pots and pans that delight serious chefs and Yuppies alike. Lucia van der Post looks at their latest range

WHEN IT comes to cookware there is hardly a more blue chip name than Le Creuset. Le Creuset may be heavy to lift, its bright colours not too subtle, its shapes unchanged for generations, but it comes with that priceless thing - an unshakable image.

For generations of housewives, particularly those whose cooking years were launched by the evocative prose of Elizabeth David, proper food only came in Le Creuset dishes. What other cooking pot was so perfect for transforming a tough piece of



beef into a Provençal *daube* rich with wine and herbs and "resembling the deep South"? What other gratin dish so beautifully nurtured that delicious combination of crisp topping and rich mush, what sauté pan so combined functional sturdiness with deep aesthetic satisfaction?

And what other cookware seemed to put one so instantly in touch with an authentic traditional cuisine, making one believe that food and culture were so entwined that only a philistine could neglect it? You might think that any cookware so strongly linked with such specific imagery might have trouble surviving in these no-cook workaholic days. You'd be wrong. Yuppies may not cook but they know a good thing when they see it and Le Creuset is the nearest the kitchen offers to a designer accessory. Even those who

don't do much more than open a clingfilm-wrapped packet like to tip it into a comforting traditional dish and when it comes to looking traditional Le Creuset is in a class of its own. In the world of cast-iron nobody else can really touch it - The Danish firm of Copco produces a good small range but it is like its British rival Victor Cottware, lacks that inestimable advantage of a heritage rooted in French bourgeois culture.

As for those who still do cook, the market seems to be turning again to the robust bourgeois dishes that nouvelle cuisine so spurned - things like *pot-au-feu*, *gratin d'agnes*, *foie*, country terrines - all of which are, of course, perfectly performed by Le Creuset ware. All this is good news for the company, which last week announced profits up from £2.57m in 1988 to £3.1m in 1990.

But for all that, nouvelle cuisine must have given them a bit of a scare for the company has been looking at ways and means of injecting "a little momentum into the product without losing the magic... developing new products which would fit alongside the things we already do well."

It has not escaped its notice that the 90s are a health-preoccupied decade with too much fat playing the role of chief villain. Perfectly in tune with both modern fads and the Le Creuset existing range is the

new enamelled stainless steel steamer which fits the middle ranges of their existing round casserole dishes - just the thing for producing the crisp, healthy steamed vegetables that foodies fancy today. In white only, prices range from £11.45 for one to fit the 3½ pint casserole to £14.95 to fit the 7½ pint model. More than one steamer can be stacked over the same sacepan to separate different flavours but cook in the same way at the same time. The casseroles themselves start at £20.25.

Less aesthetically pleasing than the traditional cast-iron but as attractive as such things can be, however, are the functional parameters - a collection of earthenware dishes aimed at the no-cook generation whose chief utensil is the microwave. There are ramekins and glass-lidded casseroles and plain oval, rectangular and square dishes. Price start at £2.65 for the ramekins and go up to £18.95 for the largest lidded round casserole.

Finally, for the green generation there are three splendid enamelled steel non-electric kettles. They can be used on any hob but Aga owners particularly would love them. Sketched here is Zen, fat-bodied and welcoming, it comes in the white, red and black of the traditional cast-iron ware. Most good cookshops, in particular the Elizabeth David Cookshop which always keeps the complete range, and good department stores sell Le Creuset.

For those who are not entirely familiar with the existing range it is worth pointing out that the ridged grill pans are the best domestic tool for producing that highly fashionable food item, char-grilled vegetables California-style. The ridges give the appetising grill scars and seal in the flavours.

Le Creuset offers two: a round 9 in grill and an oblong nest grill while its company stablemate, Le Connoisseur (its history is even older and stretches back to 1588) has a square grillomat.

Fine art for the hard-pressed

AS THE recession deepens and times get harder the art world gets friendlier and friendlier. This week another exceptionally user-friendly art gallery - The Art Collection - opened in London, aiming to tap into that huge market that has hundreds rather than thousands of pounds to spend.

But whereas most user-friendly galleries sell the work of living contemporary artists, The Art Collection has spotted a niche for those who want nice quality decorative art of all periods. As Piers Watson, one of the founder/directors, put it: "We want to be the Waterstone's of the art world. We will stay open until 7.30 three nights a week and hope that people will drop in on a fairly regular basis to check on what we have."

He and his partner, Nicholas Hely-Hutchinson, both refugees from the City who at last have been able to turn to their first loves, pictures, have started up under a Business Expansion Scheme and firmly believe that there is a market for the sort of pictures they have to sell.

"Nothing in the gallery will be over £1,250 and we aim to

make sure that at least two-thirds will be less than £200. All will be nicely framed. We are not marketing it as investment art - we aim to sell an eclectic selection of nice pictures that are good value. We won't be specialising exclusively in any particular medium or period but hope to have a complete range from Old Master drawings to Victorian watercolours.

Eventually we will also have a small collection of contemporary work as well."

The partners have found it a good time to be buying - "Though we think the selection is possibly less large than in boom times, we are finding that in our price range we can buy things that we wouldn't have been able to afford a year ago. We are getting better value for our money."

The gallery is at 3-5 Elystan Street, London SW3 3NT and is open from 9.30 am six days a week, closing at 6 pm on Mondays and Fridays, at 1.30 pm on Saturdays and at 7.30 pm on Tuesdays, Wednesdays and Thursdays.

L v d P



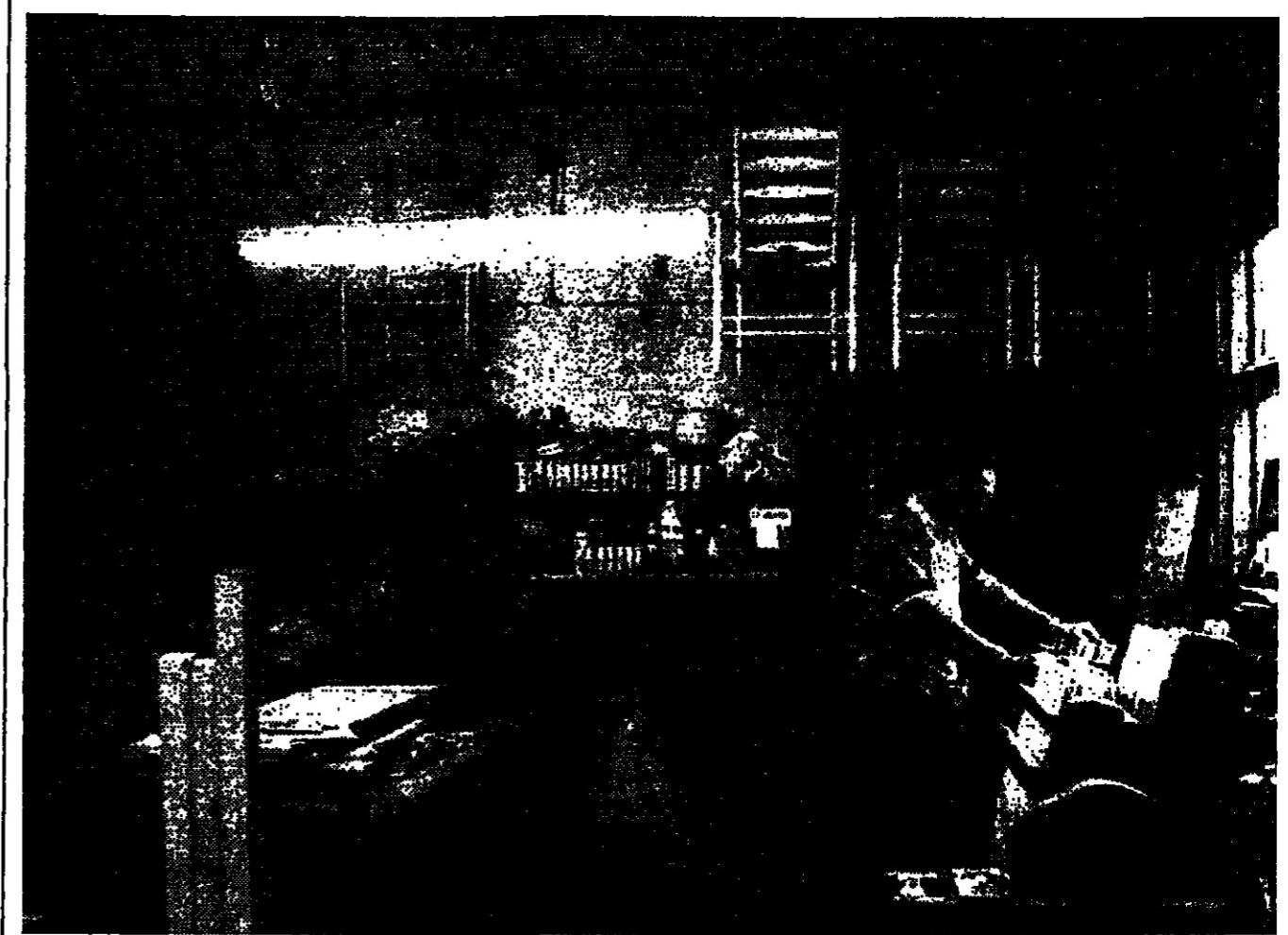
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Lady with Parasol. A Max Bohm charcoal with white gauche, £380 from The Art Collection



Neville Neal in his workshop, which holds the original bench used by Ernest Gimson up to his death in 1919

A respected chair man

Clive Fewins visits a workshop that concentrates on quality

YOU won't find any of Neville Neal's chairs in Harrods or Selfridges - or indeed any other store, large or small, metropolitan or provincial.

The only way to view the chairs, made in the Arts and Crafts tradition to the designs of Ernest Gimson, is to take a trip to Neal's workshop.

There, on any weekday or Saturday morning, you will find him at work at the bench used by Gimson up to his death in 1919, creating perfect pieces of work using exactly the same methods he was taught when he started as a 14-year-old 52 years ago.

The workshop is a downbeat affair, housed in a former shop in the all-brick village of Stockton in what was formerly the rural industrial belt of south Warwickshire where the claylands used to sprout huge brickworks and the limestone underneath gave rise to the original Rugby Portland cement quarries.

Inside, however, Neville Neal's workshop is full of sweet smelling newly-cut ash in all the shapes and sizes needed for Neal and his 40-year-old son Lawrence to assemble into some 20 variants of hand-made Gimson-designed chairs and stools. On the walls, beside the frames of partly-completed chairs, hang many of the original tools.

Edward Gimson, who learned the craft of chairmaking from Gimson in the village of Sapperton near Cirencester, intended to continue the tradi-

tion when he moved his timber importing business to Warwickshire just before the First World War.

After a break of six years or so he was persuaded to take up the craft again in 1920 and he continued making rush seated chairs in the village of Priors Marston, six miles from Stockton, until his death in 1958.

Neville Neal became apprenticed to Gardner when he left school in 1938 and took over the business on Gardner's death.

Followers of the Arts and Crafts tradition will be familiar with the story of how Gimson, originally an architect, and his collaborators, the Barnsley brothers, put their artistic theories largely derived from Ruskin and Morris, into practice at Sapperton.

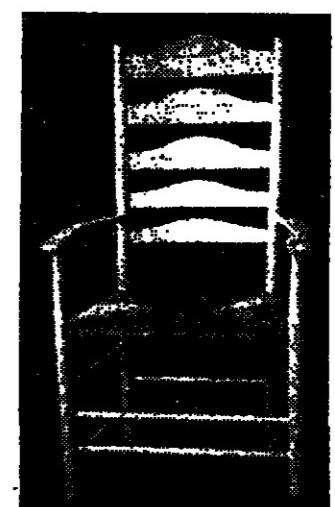
They trained local men to turn out a range of exquisitely made furniture. It followed the Arts and Crafts ideals of being functional yet good to look at, yet so good that the owner would not be afraid to use it daily, yet not excessively expensive to buy.

Ladderback and spindleback dining chairs made with the Neville Neal stamp are in a direct line of Arts and Crafts movement work that stretches right back to William Morris. They are all made in the spirit of Morris's belief that we should have in our houses nothing that we do not "know to be useful or believe to be beautiful."

There is little chance of automating production in the Neal workshop because of the painstaking processes of working timber and rush. While Neville Neal is happy to make batches of up to 50 in the same style he is more at home with just four or six - or even one-off, like the three-seater bench he made for an American artist last year. It was the first he had made (and might well be the last) and cost the customer £750.

The Neal chairs come in eight main styles and cost from £106 to £122 each. Rockers and carvers cost more, and children's chairs and stools less. The waiting list is about nine months from the date of order.

Neville Neal also works in



Craftsmanship: a Neville Neal rush-seat chair

oak. Chairs in this wood cost slightly more than the ash ones, neither are they as good, in his view. "Oak is more brittle. If we get a chair back for repair it is more often than not an oak one. Ash is virtually unbreakable," he said.

It takes about five hours to make the rush seat of a chair. All the work is done by the Neals using rushes they have gathered themselves in the summer months from the banks of the Warwickshire Avon or the nearby river Leam.

The rushes come free. "No money passes hands between us and the landowner - just the occasional chair," Lawrence said.

Lawrence has been working with his father since leaving school in 1966 but, if his father, now 66, retires he will be happy to carry on the tradition, making chairs in the same place and in much the same way.

"It's not really possible to mechanise or update the production process very much, however much money one might have to spend," Lawrence said. "Our chairs are essentially hand-wrought individual items, and of course the quality has to be absolutely right."

Lawrence is hopeful that one of his two sons, aged three and 10, will become the third generation to carry on the tradition.

■ Neville Neal, Stockton, near Rugby, Warwickshire CV23 8JE.

Drapes with a touch less debt

IF YOU HAVE tried to order custom-made curtains recently you will know that they command a kind of prices that once attached to family heirlooms. Apart from the cost of the fabric, curtain-making has come to be regarded as a contemporary art-form with swags and drapes, buttons and bows all being invested with a certain esoteric mystique.

If you can't pay such prices, what other options are there? Well, you could try making them yourself - KLC, 5 Blythe Mews, Blythe Road, London W14 tel: 071-602-8592 remember, runs excellent classes - or you could buy them second-hand.

Fashionable interior decorators have been buying second-hand curtains for years - usually from grand houses in the grandest of grand fabrics - not because their clients couldn't afford new ones but because they preferred them old and slightly faded. All the auction houses regularly hold sales of old textiles but it is a haphazard business hoping for something suitable to turn up.

A much more regular source of second-hand curtains, some grand, some not so grand, is The Curtain Exchange, which was started by Liz Meston, Julianne Galvin and Jackie Horsford. What is available on a given day depends on what customers have brought in but it could be anything from cheerful gingham to chintz Colefax & Fowler. Most looked to be professionally made - some are curtains that didn't fit in to new colour schemes or didn't fit into a new house, others were designers or decorators' "mistakes" and yet more came from show flats and exhibitions. The prices

seem a fraction of the new-made price.

Those who want to sell their own cast-offs can take them along in person or, if within a reasonable distance, the shops will collect. If The Curtain Exchange agrees to sell them the client gets 40 per cent of the selling price once they are sold.

There are three shops: 133, Stephendale Road, London SW6 (tel: 071-731-8316); 19 Stone Street, Oxford, Mr. Colchester, Essex CO6 5NR (tel: 0787-211065); and Townsend, Nr. Devizes, Wilts SN1 0SD. (tel: 0380-6238008).

The Egyptian Hall in London's Mansion House is about to be closed for four years for a make-over, but on Wednesday May 1 there is a last opportunity to see it when there is a May Day Fair in aid of the Cancer Relief Macmillan Fund. The tickets cost £20 per person which includes a salmon, salad and wine lunch if you choose the first reception (11 am to 3.30 pm) or canapés, a whisky tasting and wine if you choose the evening session (5.30 pm to 8.00 pm).

It's also a chance to buy presents (splendid men's shirts, foods, women's clothing) from a big selection of attractive stalls - anything from a water colour to a piece of antique jewellery.

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L v d P

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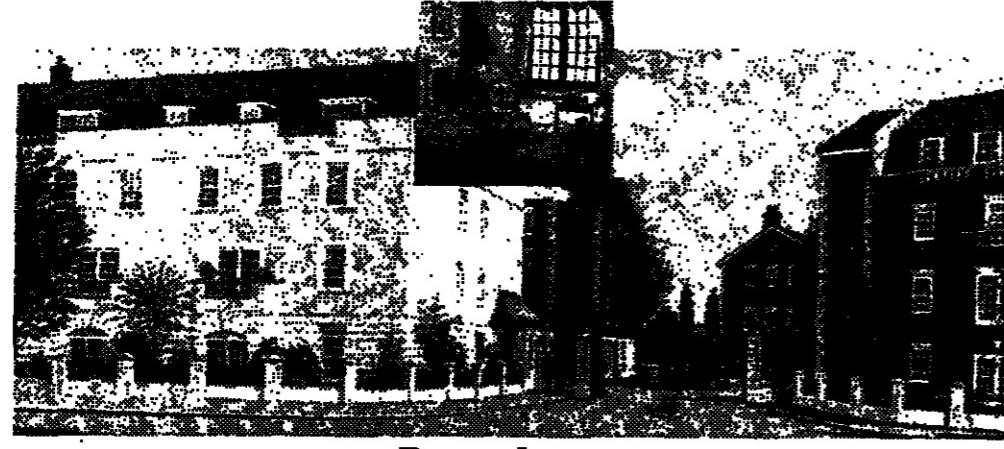
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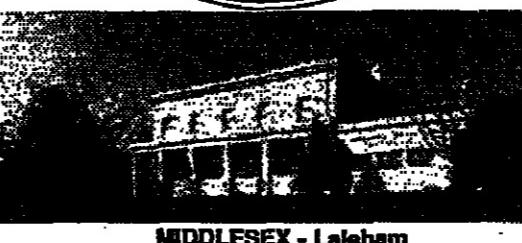
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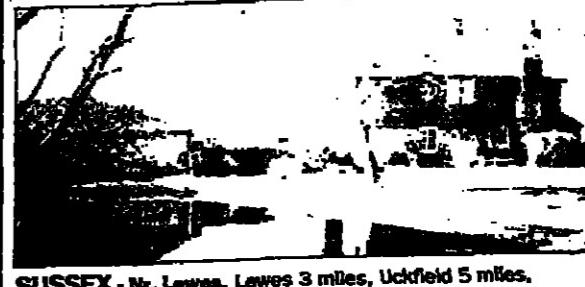
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EXMOOR NATIONAL PARK. Lynton 7 miles, Taunton (M5) 38 miles. A fine Manor house dating from the 14th Century and set in a beautiful valley. 4 reception rooms, 7 bedrooms, 3 bathrooms. Potential for self-contained flat. Garaging and stabling with 3 bedroomed flat. Gardens, paddocks, woodland, stream. About 32 acres. Region £450,000. Exeter Office: Tel: (0392) 215631. Ref: 5104847.

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Ays 14 miles. Glasgow 30 miles. Prestwick 22 miles. Green 3 miles. A Magnificent home which forms a unique part of the Nation's Heritage. The Property is in the Heart of Burnside Country and has connections with Robert the Bruce. The Property is said complete with the Ancient Feudal Stronghold of Killochan.



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Sevenoaks 1 mile, Chipping Barnet 3 miles, Central London 22 miles.

An impressive medieval country house in a spectacular setting.

600' high commanding views over Kent.

3 Reception rooms, conservatory, 5 bedrooms, 3 bathrooms.

2 Bedromm staff flat, garage for 8 cars.

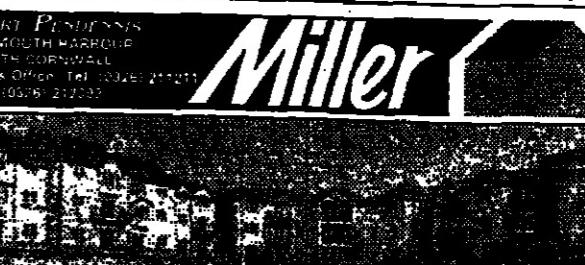
Heated swimming pool, hard tennis court, landscaped gardens, pasture and woodland.

Region of £1.25 million.

Savills, Sevenoaks. (0732) 455551.

Contact: Richard Page.

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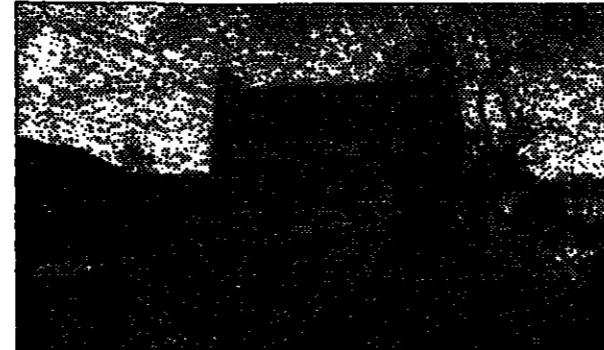
Leicestershire, 2.5 acres

Leicester 13 miles. Northampton 17 miles. Coventry 15 miles. A substantial Listed Grade II house with charming garden, paddock and indoor pool complex with gym/recording studio.

4½ reception rooms, beautifully fitted kitchen, 6 bedrooms,

2 bathrooms. 2 bedroome cottage, garage, gardens and grounds.

Apply: Northampton. Telephone: (0604) 32991.



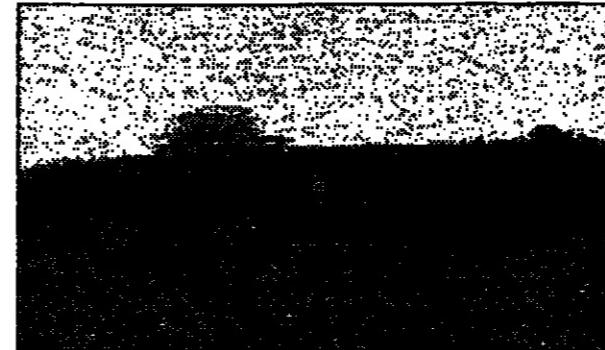
Kent/Surrey Borders, 3.62 acres Near Edenbridge

Beautifully restored early 16th century house Listed Grade II*. 3 reception rooms, conservatory, 6 bedrooms, 3 bathrooms. Cottage, walled garden and well stocked landscaped grounds. Barn and paddock.

For sale as a whole or in 2 lots.

Apply: Mayfair. Telephone: 071-499 6291.

Joint Agents: Weston Miller. Telephone: (0732) 741212.



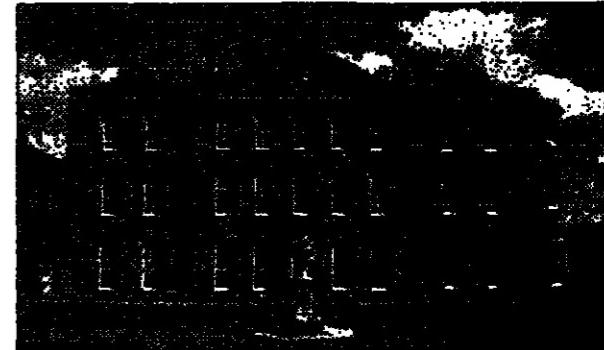
Gloucestershire, 56 acres

Tewkesbury 4 miles. Bristol 22 miles.

In a secluded valley, under two hours from London, a beautifully restored Listed Georgian house, in a superb setting.

5 reception rooms, 10 bedrooms, 5 bathrooms, shower room, guest wing, staff flat, stableyard, tennis court. In all about 56 acres.

Apply: Cirencester. Telephone: (0285) 653534.



Cotswolds New Chipping Campden

Important Grade I 18th century mansion converted to 6 luxury apartments (2 sold) and an Orangery providing an exceptional house. The property, set in about 35 acres of landscaped gardens and grounds, has been skilfully restored with fine period features throughout. Hard tennis court. Prices from £225,000.

Apply: Chipping Campden. Telephone: (0386) 840224.



Buckinghamshire, 13.75 acres New Woburn

Superb Listed Grade II farmhouse of 17th century origin standing in a mature parkland setting outside the village of Woburn. 5 bedrooms, 3 reception rooms, conservatory, kitchen, 6 bedrooms,

3 bathrooms. Garaging for several cars, loose houses, horse gardens and paddocks. (Detached 3 bedroomed cottage also available in 2.5 acres.)

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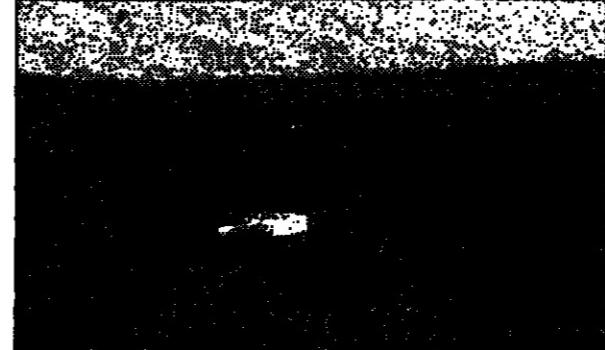


29 Percy Street, London W1

An unique opportunity to acquire the freehold of one of the last privately owned houses in this area of the West End made famous over the last two centuries by artists, writers and musicians. The building, a medium sized Listed Grade II Georgian house, is a rare and precious example of the period and has retained the majority of its original decorative detail.

Morning room, drawing room, dining room, library/office, studio, kitchen/breakfast room, 6 bedrooms, 2 bathrooms and a terrace. Considerable work has been carried out to the structure, but limited further restoration and decoration is required. It is currently used as residential and studio/office. Ref: TG.

Apply: Mayfair. Telephone: 071-499 6291.



Devon, 198 acres

Teign Valley. Exeter 9 miles. A38 2½ miles. A self-supporting Country Estate centred on a classical period house and thriving country park featuring the highest waterfall in England.

Large galleried main hall, 5 reception rooms, 6 principal bedrooms, 4 bathrooms, nursery suite. Staff flat, 2 bedroom lodges.

Countryside Park with annual turnover (1990) in excess of £200,000.

Sporting rights including fishing on River Teign and shooting over 600 acres. Gardens, parkland and woodland.

Apply: Exeter. Telephone: (0392) 214222.

Joint Agents: Hambers National Leisure Division. Telephone: 071-629 6700.

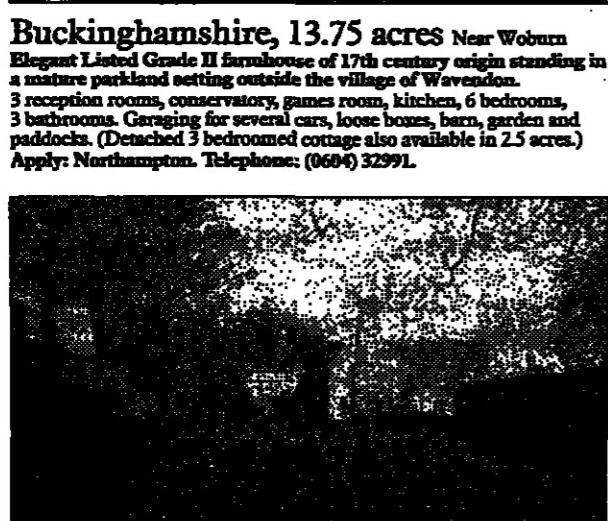


North Yorkshire, 3.5 acres Howardian Hills

The Manor House, Balmoral. A great 16th century village house. 5 bedrooms, 2 bathrooms, 3 reception rooms. Outbuildings including garaging and sun room/office. Gardens, paddocks and plantation. Guide price in excess of £400,000.

Apply: York. Telephone: (0904) 625022.

Joint Agents: Carter Jones. Telephone: (0904) 627436.



Gloucestershire/Cotswolds, 10.5 acres

A Listed country house, tastefully restored, in a superb setting. 4 reception rooms, 5 bedroom suites, 3 further bedrooms, 2 further bathrooms. Cellars and stores, garaging, paddocks, delightful gardens. Cottages with permission to extend. Further land possibly available.

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Joint Agents: Knight Frank & Riley. Telephone: (0789) 297735.

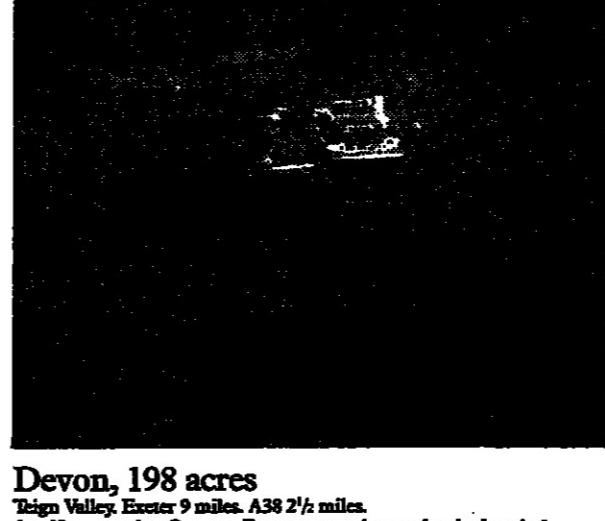


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An unique opportunity to acquire the freehold of one of the last privately owned houses in this area of the West End made famous over the last two centuries by artists, writers and musicians. The building, a medium sized Listed Grade II Georgian house, is a rare and precious example of the period and has retained the majority of its original decorative detail.

Morning room, drawing room, dining room, library/office, studio, kitchen/breakfast room, 6 bedrooms, 2 bathrooms and a terrace. Considerable work has been carried out to the structure, but limited further restoration and decoration is required. It is currently used as residential and studio/office. Ref: TG.

Apply: Mayfair. Telephone: 071-499 6291.

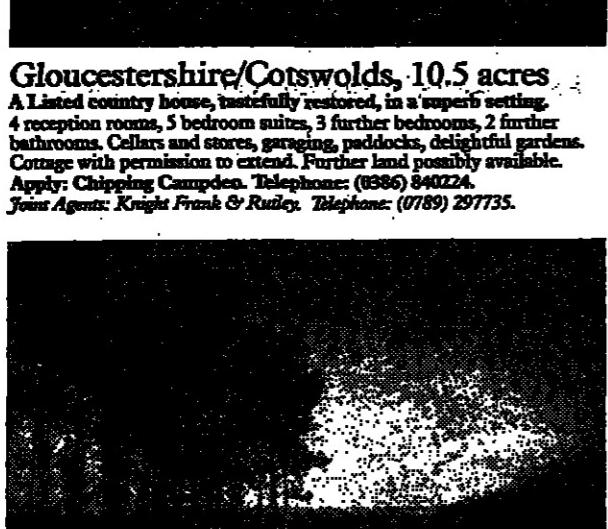


Gloucestershire, 2.63 acres Barnsley

Superb Listed village house in beautifully landscaped gardens. 3 reception rooms, 2 bathrooms, 2 bedrooms, Smallbone kitchen, first class guest annexe. 3 bedroome staff house and small paddock also available. 2.63 acres in total.

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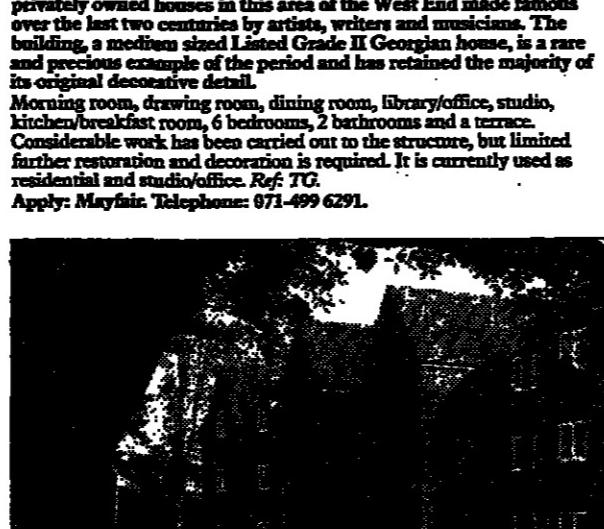
Joint Agents: Hambers National Leisure Division. Telephone: 071-629 6700.



Sussex, 276 acres Crowborough

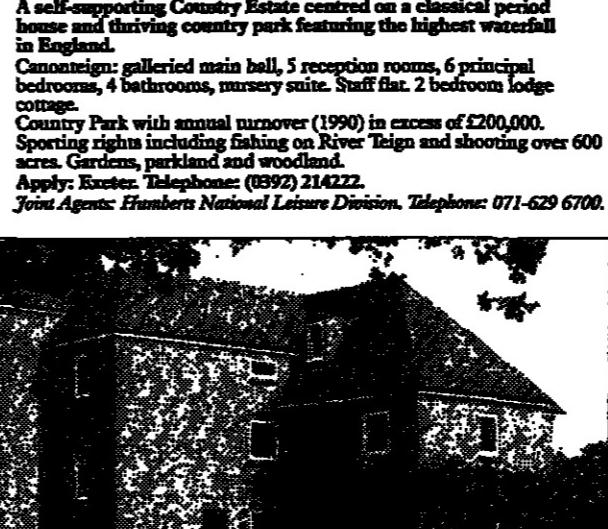
Situated in an Area of Outstanding Natural Beauty. Semi-mature woodland of broadleaves, mixed conifers, and young plantations amounting to 276 acres. A pair of 2 bedroomed semi-detached Victorian cottages recently modernised. For sale as a whole or in Lots.

Apply: Mayfair. Telephone: 071-499 6291.



Sussex

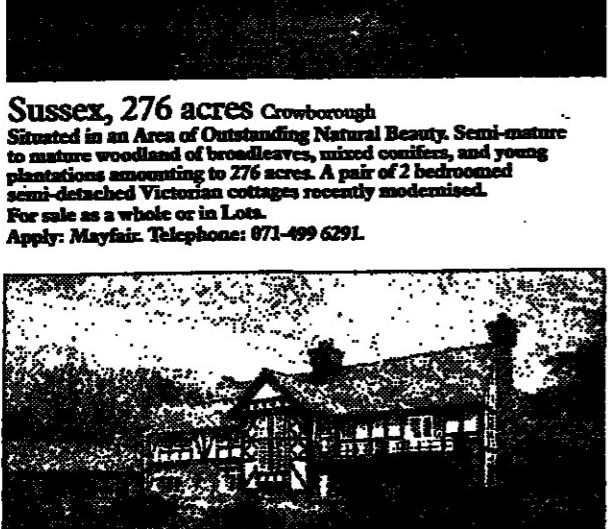
Heronwood, Summerdale, Chichester. Heronwood is a development of apartments situated in a wide tree lined road only a few miles from the beautiful Downs and sea. Surrounded by gardens, there are three floors of superbly finished flats complete with carpets, curtains, fitted bedrooms and totally



Cheshire, 434 acres Middlewich

Dairy House Farm. A highly productive dairy farm. Georgian style farmhouse, 2 flats, 24/24 herding parlour, housing for 300 cows, 5,500 tonne silage capacity, piped slurry system, 1,588,135 litre milk quota, 414 acres. Lots 2-5: pair of cottages. 19 acres. Auction in 5 Lots, 10th May 1991. Apply: Chester. Telephone: (0244) 328361.

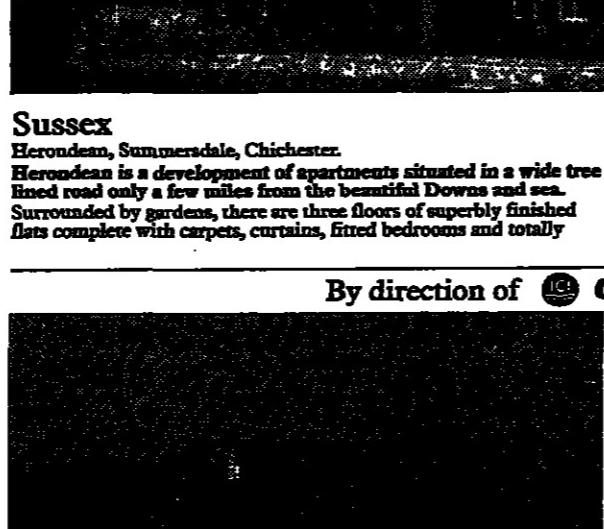
Joint Auctioneers: Wright-Morley. Telephone: (0829) 732151.



Cheshire Hale

Central Manchester 9 miles. Superb Edwardian Tudor style family house in large garden setting. 3 reception rooms, billiard room, sun room, 5 bedrooms, study. Indoor pool complex. Self-contained staff flat. Landscaped gardens. Apply: Chester. Telephone: (0244) 328361. Ref: 257.

Joint Agents: Meller Braggins. Telephone: 061-928 7762.

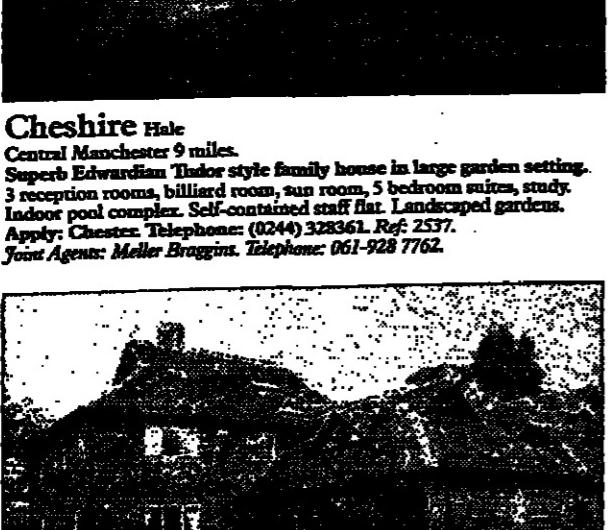


Cheshire, 111 acres Middlewich

Ravenscroft Hall Farm. A highly productive dairy farm. Georgian style farmhouse, well equipped dairy unit for 115 cows. 12/12 herding parlour, 1,500 tonne silage capacity, piped slurry system, 475,770 litre milk quota. For auction on 1st May 1991.

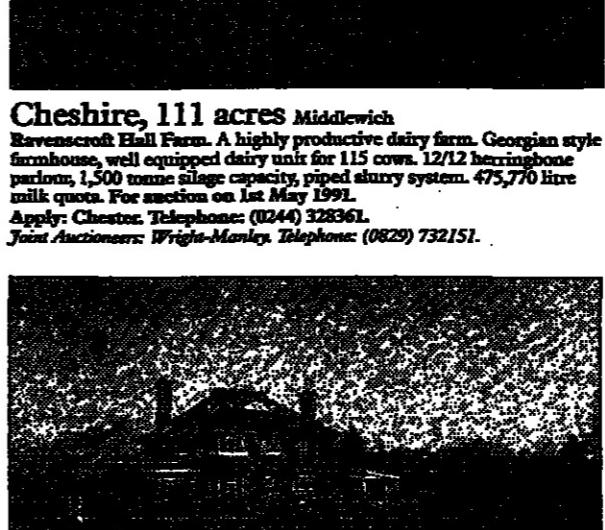
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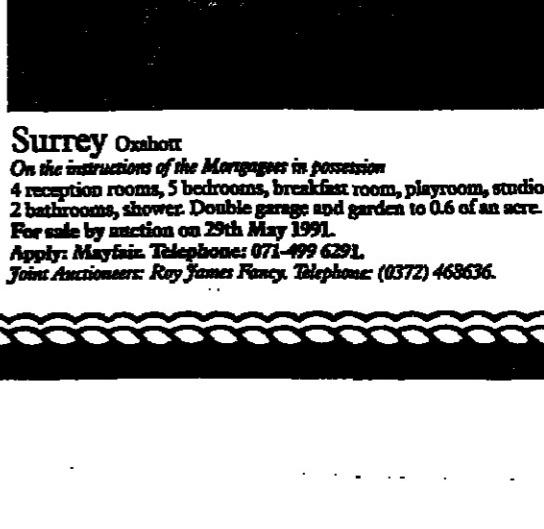
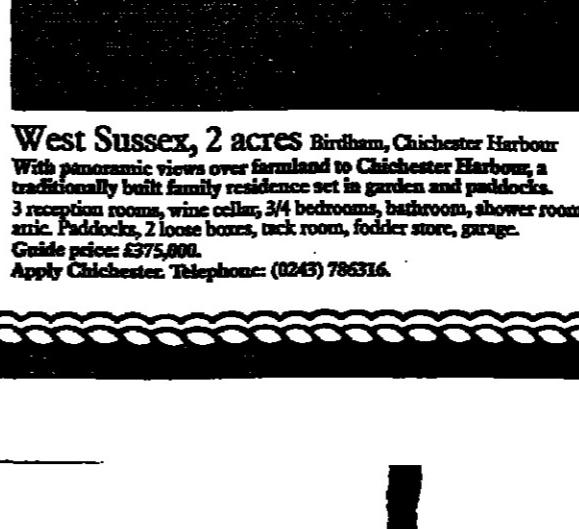
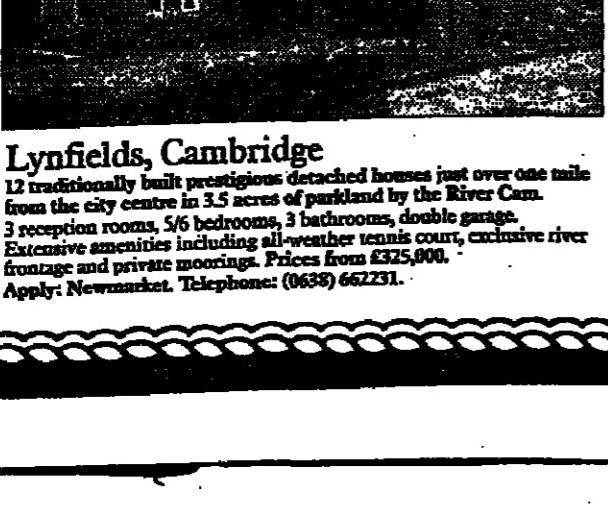
Glos/Worc borders, 11 acres

A handsome Listed Georgian country house set in magnificent gardens, with frontage to the River Avon with fishing and mooring. 5 reception rooms, 5 bedrooms, 3 bathrooms, double garage. Extensive amenities including all-weather tennis court, extensive river frontage and private moorings. Prices from £325,000. Apply: Chipping Campden. Telephone: (0386) 840224.



West Sussex, 2 acres Birdham, Chichester Harbour

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On the instructions of the Morganjee in possession
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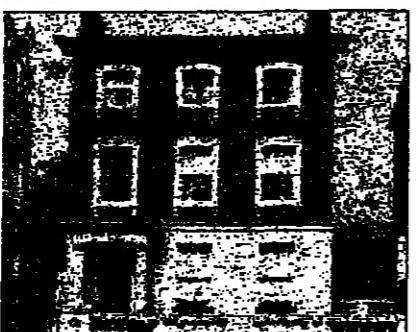
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A charming Grade II listed part stucco fronted detached house, enjoying views over the Prince Regent's canal in the heart of Little Venice.
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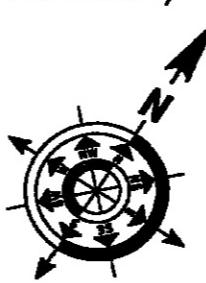
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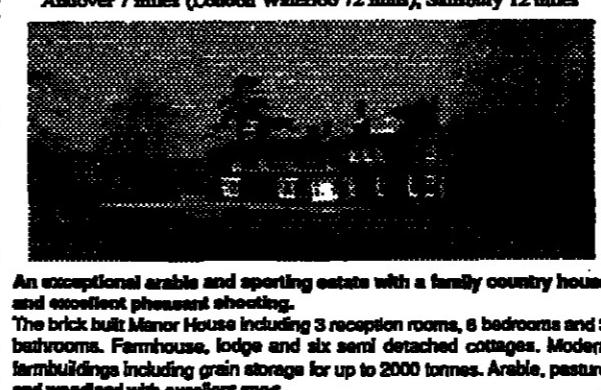
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The brick built Manor House including 3 reception rooms, 6 bedrooms and 3 bathrooms. Farmhouse, lodge and six semi-detached cottages. Modern farm buildings including grain storage for up to 2000 tonnes. Arable, pasture and woodland with excellent sport.

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Humber Pewsey office 0572 63265 and
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WILTSHIRE**1016 ACRES**

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For sale by private Treaty

As a whole

Details James Harris 0962 883850
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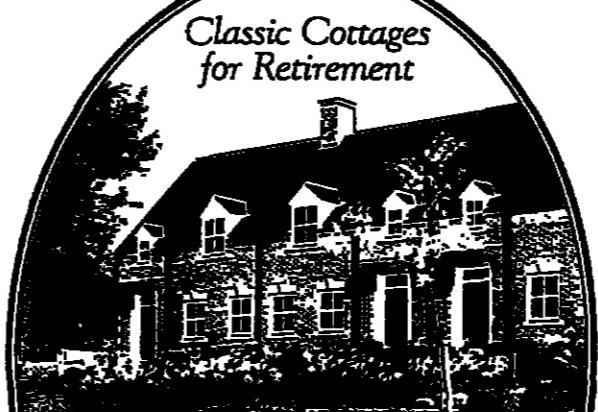


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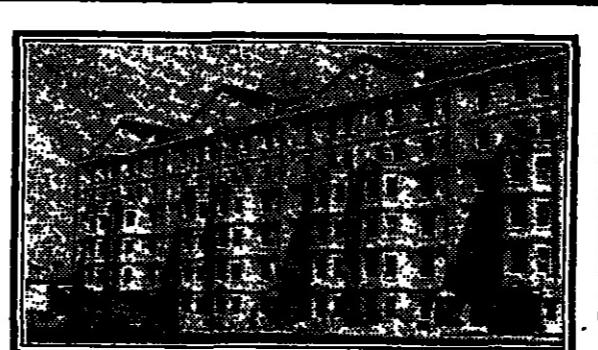
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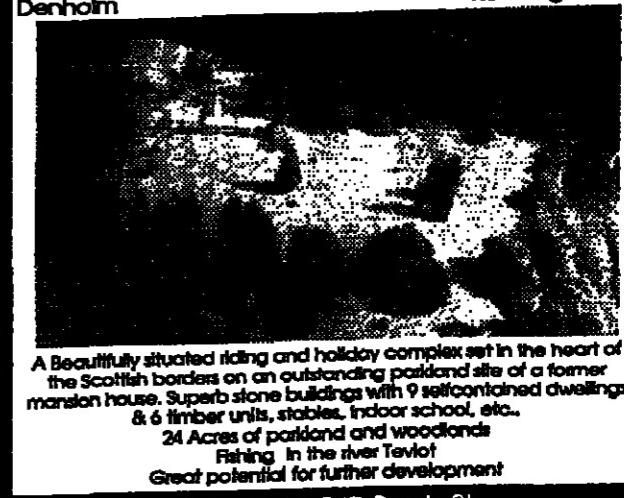
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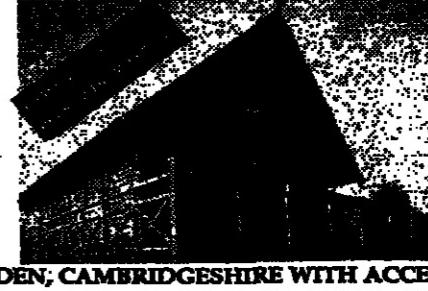
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SAVILLS

FOOD & WINE

The wine lake starts to overflow

Edmund Penning-Rowse on why severe frosts in Bordeaux are not too much cause for concern

ANOTHER BIG vintage this year would have a disastrous effect on the Bordeaux trade, so last weekend's severe frost will have had a good short term effect. However, curtailed stocks for a year or so will not affect the current trend towards overproduction.

AFTER three abundant vintages in France, concern is growing that there is too much wine and the yields are too high. There has always been too much *vin de table* in the Midi but now there is apprehension about some of the *appellation contrôlée* wines that account for 20-25 per cent of total French production.

This applies particularly in Bordeaux, the biggest *appellation contrôlée* region, and in Burgundy, where world demand for white wines has encouraged over-production.

AC wines are controlled from the vineyards upwards, with specified grapes, minimum alcoholic strengths and maximum yields per hectare. Apart from generic wines such as Bordeaux Rouge or Bourgogne Blanc, or large one-appellation districts such as Alsace or Muscadet, they tend to be based on communes rather than single estates. So, the appellations for Ch Latour and Montrachet are only

Paulillac and Pujugny, which can be pretty basic wines.

The system began in 1935 with the foundation of the *Institut National des Appellations d'Origine* (INAO) which has designated, defined and generally improved the quality of the wines under its control. Among the superior ACs, however, the authorised maximum yields increasingly were challenged; and as viticultural skills rose and the techniques of vinification developed rapidly, there was good reason to have more flexible regulations, according to the quality of each vintage.

In 1974, the INAO introduced a new system giving each AC a basic maximum yield per ha (*rendement de base*). This can be varied up or down by the committee (*syndicat*) of the growers in each appellation, which meets shortly before the vintage and forwards its views for the INAO's approval. This is known as the *rendement annuel*. Not surprisingly, demands for reductions have

been far fewer than for increased and the growers have, on the whole, got their way.

Yet, on top of this the INAO allowed a further level of yield - a "ceiling", generally of 20 per cent (*plafond limite de classement*) subject to tasting. But if wine fails at this maximum, the grower's whole crop can be declassified and sent for distillation or vinegar.

Theoretically, this *plafond limite de classement* is allowed only "an exceptional year when quality and quantity coincides". This concession was, however, launched in the prolific but distinctly poor vintage of 1974 - something that did not inspire confidence in the INAO's judgement. Now, ceilings are created practically everywhere every year. Not long ago, Pauillac was smothered at 45 and Pomerol moved up only from 40 to 42.

With 1988, 1989 and now 1990 on the books, Bordeaux has a marketing problem. For 1989's record claret production has been followed by another record 4.9m hl of AC red wine. Although 200-250 châteaux



estates were substantially increased in yield: Bordeaux Rouge from 50 to 55 hl, Bordeaux Blanc from 50 to 65, Pauillac from 40 to 45. But St Emilion was smothered at 45 and Pomerol moved up only from 40 to 42.

With 1988, 1989 and now 1990 on the books, Bordeaux has a marketing problem. For 1989's record claret production has been followed by another record 4.9m hl of AC red wine. Although 200-250 châteaux

have international reputations that provide them with important sales abroad, only about 10 per cent of these have no selling worries.

Bernard Mallet, president of the growers' syndicate of the Côte de Bourg and proprietor of the respected Ch Haut-Macau, warned recently: "With a global production of six million we are moving towards serious miseries... We must keep down the production, being very strict on planting: no more new planting rights for five years, and restricted transfer of rights."

On the crucial matter of limiting yields, Mallet said the *rendement de base* of each appellation should be applied strictly. He also proposed restrictive conditions on individual applications for an increased percentage, such as limiting to 1 per cent the addition of wine by means of chaptalisation (sugaring of the must) instead of the 2 per cent allowed normally.

These outspoken remarks reflect

the views of many and they back up what Hubert Mussot, the influential head of the *Comité Interprofessionnel*'s statistical department, wrote last June before that year's record harvest: "The acknowledgement fall in the sales of the red wines deserves particular attention. Is it the forerunner of a serious crisis, because of the imbalance created by the increase in vineyard area and crops faced by stagnation in consumption?"

About 400,000 hl of last year's generic AC red Bordeaux has been blocked from sale in a *réserve qualitative* of those wines that exceeded a certain yield: in the case of Bordeaux Rouge, above 45 hl per ha; and 40 hl of Médoc and Graves. This is done to stabilise prices, and the wines will be released before this year's vintage, that is the highest in the size of the local "wine lake".

This is confirmed by Peter Sichel, chairman of the *Union des Grands Crus*, principal shareholder of Ch Palmer and owner of Ch d'Anglure.

det, in his new annual *Vintage and Market Report*. No fewer than 333,000 hl of wine, nearly all red, were eliminated from the 1990 crop totals because they exceeded the ceiling of 61 hl, and were sent for

distillation. Since the last vintage, trade has been very quiet in Bordeaux at all levels, and apart from the normal sales of basic wines consumed quickly, there has been little forward interest in the undoubtedly excellent 1990 superior appellations. Exports have been poor in important but recession-hit markets like the UK and US, yet sales abroad are crucial to Bordeaux. In 1989 these approached 2m hl in volume and FFr 5bn in value.

The UK was then (and could still be when the 1990 statistics come out) Bordeaux's biggest customer: sales of 320m hl, worth FFr 700m. Moreover, although US imports from Bordeaux have been falling fast since 1986, the average price paid per bottle is the highest in the world and it is the biggest buyer of classed-growth clarets.

Now, with large unsold or unconsumed stocks in both countries, the recession and the low dollar-franc exchange rate, *en primeur* buyers of the 1990 clarets are hardly likely to be encouraged.

Mussels with pulling power

Philippa Davenport with a dish to nourish on chilly spring days

I USED to catch an occasional but lurid glimpse of the news as told in papers other than the *Financial Times*. My source was the fishmonger. Mussels were sold by the pint then. Dripping with seaweed, heavily barnacled, they were measured in metal scoops and the shovelfuls were wrapped in layers of newspaper to mop up the wetness as you carried them home.

Back in my kitchen I tipped the mussels into the sink and let them to soak and feed on the handful of oatmeal I gave them, rather as though they were goldfish in a tank. Then I settled down to review the soggy Page Three statistics and the amazing feats at the vicarage as revealed to *Our Special Reporter*, salacious titbits that added to the savour of feasting on mussels.

A decade before that I used to buy mussels in a Mediterranean cove from local boys I saw with knives in their teeth swimming out to the banks where mollusc colonies flourished and where rocks were hedgehog-thick with sea urchins. They brought the seafood back, drippingly fresh, in string bags fashioned from old fishing nets, and we ate it for lunch within the hour, with only a squeeze of lemon.

The waters there were wonderfully limpid and terrible tales about pollution had not been told then. I dare say it is a different story today.

Now the mussels I buy are often farmed rather than wild. No longer swathed in seaweed or barnacle encrusted, they are thin shelled and graded by size. Now they are sold by the pound or in kilo bags made of perforated polythene. Less romantic, less exciting, but the mussels are still very much alive alive-o.

The deliciousness and the extraordinary good value remain and there is less work for the cook. It doesn't take long to bath and barbe mussels now. No massive scrubbing is necessary, no lengthy de-bearding session, and some say that the flesh of farmed mussels is plumper, sweeter and more

succulent than wild.

The recipe which follows is a cross between a soup and a stew, a first and main course rolled into one, my favourite sort of food for informal entertaining.

Mussels need to be cooked just before eating but all the preparatory work can be done ahead. The cooking of the mussels is swift, then you can sit down, relax and enjoy the meal with the rest of the party. This is food to eat out of doors if you can or in the halfway house of a conservatory where you can feel the warmth of an

April sun but be spared the bite of the wind.

Serve the stew steaming hot and hand round a bowl of oil (a mildly rather than extravagantly garlicky version is best with this dish I think) so that dollops of it can be stirred into the stew to enrich it to individual taste.

Have a loaf of good bread on hand, bottles of crisp chilled wine, finger bowls and napkins big enough to use as bibs. A salad and cheese is as much as anyone will want to eat afterwards.

MUSSEL, FENNEL AND POTATO STEW (serves 4-6)

5 lb mussels; 3 bulbs of Florentine fennel; 1½ lb waxy potatoes; 1 onion; 1½ pt fish stock; 2 long curds of



...only pared orange peel; 1 teaspoon lightly toasted and bruised fennel seeds; a good pinch of saffron; 1 bay leaf; 2-3 tablespoons chopped parsley; a little olive oil; a glass of dry white wine (or very dry cider or apple juice); a splash of Pernod (optional).

Trim the fennel reserving all the feathery fronds. Put the trimmings into a stockpot. Add the orange peel, fennel seeds, bay leaf and stock. Simmer for about 30 minutes. Strain and fast-boil until reduced to a scant ¾ pt richly flavoured liquid - remember that the potatoes will mute the flavour later.

Clean the mussels in several changes of cold salted water, scrubbing barnacles and tugging away beards as necessary. Discard any mussels that have damaged shells or that continue to gape when firmly tapped.

Choose a large shallow pan in which to cook the mussels - if the mussels are thinly spread over the source of heat they will have a better chance of cooking and opening in uniform. Pour the wine into it. (Everything up to this stage can be done well ahead.)

Shortly before you want to serve the stew, stir the saffron into the stewpan. Pour on the stock (and the

reserve it separately.

Pernod if using it) and bring quickly to the boil. Cover and simmer for about 5 minutes. Add the wedges of fennel and cook for a few minutes more until the vegetables are cooked through. Cover and set aside.

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While the vegetables are cooking, bring the wine to the boil. Add the mussels, cover and cook over high heat, shaking the pan now and again, until the molluscs open.

Discard any mussels that remain obstinately closed after cooking. Transfer the rest complete with their wide-mouthed shells to a warmed souptureen, adding the cooked vegetables and the chopped fennel and parsnips between layers.

Strain the mussel cooking liquor through damp butter muslin into the stewpan. Bring the combined liquids to a simmering point, check and adjust seasoning. Pour the steaming fragrant liquid over the stew and serve.

A refuge of good cooking

Nicholas Lander with the first article of an occasional series by Weekend FT writers on eating out in France

EVEN for those who know France well the city of Albi in the south-west seems to hold a certain fascination. Its macabre history during the 12th and 13th centuries, brought home every time you look at the imposing cathedral, the extraordinary museum with as many rooms devoted to Albi's most famous son, Henri de Toulouse-Lautrec, and its position above the River Tarn, all leave a lasting impression.

Places to stay in Albi include the Hôtelierie St Aubin (tel: 63.54.04.04) and the Hotel Albi (63.47.06.66). Just behind the museum there are two good restaurants, the Bateau Ivre (63.38.08.08) for fish and, virtually next door, L'Esprit du Vin (63.54.60.44) where a thoughtful proprietor offers a suitable wine to be served by the glass with each of his dishes. But, for culinary gems, one has to travel outside the city.

Fifteen kilometres south is the small town of Rémont where a chicken and garlic market is held every Wednesday. Close to the colonnaded centre is the Hotel Noel (63.55.52.90) which has been in the same family for the past five generations - although recently a son-in-law took over at the kitchen stoves.

There are eight bedrooms and a delightful terrace; the dining room is charming. With an open log fire, and lovingly polished paneling, the room proudly displays the accoutrements assembled from having served good food for so long.

The cooking does not disappoint. *Foie gras* sautéed with capers and apples, a delicious lime-caught sea-hare fresh from the Mediterranean with a lovely *beurre noir* sauce and an excellent rendition of the classic red kidney beans in a seed mustard sauce were served under the beady eye of a very attentive *maitre d'*. Fixed price menus range from FF120 to FF120.

Some 25 km north of Albi is the almost dizzyingly placed town of Cordes. Named after the Spanish city of Cordoba, the hilltop stronghold was a Cathar refuge during the early 13th century. So impregnable is its natural position, the story goes, that French troops sent from Paris to put down the heretics took one look at Cordes and turned back. Even today, in spite of the advantage of a car, the summit of the town with its narrow cobble streets can be difficult to navigate.

Since 1976, however, when Yves Thuriès bought the Hotel du Grand Escuyer and began to build his personal empire, Cordes has undergone a culinary invasion. Over the past decade Thuriès has also acquired the Hôtelierie du Vieux Cordes (63.56.00.12) close by, has his own pâtisserie and set up a publishing house for his cookery books. In the process he has become a town councillor and the biggest employer in Cordes.

Born in nearby Gaillac, Thuriès began his apprenticeship as a *pâtissier* at the age of 14 and for the next 20 years worked his way around France under the auspices of the *Compagnons du Tour de France* which encourages apprentices. Now a *Compagnon honoraire* himself he wears its badge, an earring in his left ear, with pride as well as other fashion pointers such as trousers rolled to the calf, white stockings, and a chef's jacket with the tricolore around the neck.

If their aim was to clean the dessert would comprise one large plate with a small portion of each. Instead four desserts followed in sequence and each was better than its predecessor: a black and white ice cream with a mango purée and chocolate sticks, a *roulade* of chocolate with a wonderful pea green pistachio sauce, a hot orange soufflé with a caramel sauce and finally three different sorbets.

If their aim was to clean the palate the intention was undone by the arrival of two lots of *petits fours*: fruit-based with the desserts and chocolate-based with the coffee. On the bed at night a chocolate truffle waited for us in vain.

Hotel du Grand Escuyer, Cordes, 81170 France. Tel: 63.56.01.03. Fax: 63.56.16.99. 12 bedrooms from FF500.

advantage of being the largest employer in town, a thoughtful staff with a particularly knowledgeable sommelier.

Thuriès' food bears the stamp of a man who has been at the stoves a long time. There are five fixed price menus ranging from FF120 to FF360 and we chose what was billed as a four-course dinner with four desserts at FF320. What we had not counted on was Thuriès' passion for, and skill with, *pâtisserie*.

Before the first course there were three deliveries of *amuse-gueules*, including a small portion of a fish terrine, then a lobster bisque served in a minute copper pot. One main course, two slices of *foie gras* served hot inside very delicate pancakes with a port sauce, was stunning. But it was really only after the cheese

that the meal began.

In my innocence I had imagined that the dessert would comprise one large plate with a small portion of each. Instead four desserts followed in sequence and each was better than its predecessor: a black and white ice cream with a mango purée and chocolate sticks, a *roulade* of chocolate with a wonderful pea green pistachio sauce, a hot orange soufflé with a caramel sauce and finally three different sorbets.

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Model railway: David Fishlock (left) shares his enthusiasm for a particular type of train

Tony Andrews

Richard Grashay and I had met in the cause of making educational aids; he an artist with special flair for presenting technical complexities in bold yet simple graphics. Might it be possible to avoid the complexity of a separate track by grooving the table? I inquired.

Grashay seized the suggestion and was off to his studio in Bedchester, Dorset, to experiment. Within days he was back to say that he believed, from trials with a little wooden model of one axle, we might manage with just a single groove to guide the coaster.

He designed a round table 5 ft in diameter with a single circular groove 9 in from the edge, supported by a central pillar of splayed legs. Like Bracken's train set, it seats eight.

The table top is cut from four planks of prime English oak, 1½ in thick. From the offcuts he fashioned the legs. Their central pillar is decorated with carved wooden wheels that match the wheels of the coaster.

The wine coaster is a curved oak tray about 15 in in length with eight boxwood wheels which run on brass spindles in brass bearings. Only the inner wheels are flanged for the groove. Grashay has left enough slack in the coaster's suspension to produce a slight rattle, evocative of a rail train, as the coaster carries decanters from glass to glass.

The essential simplicity of his scheme is also the saving grace of this splendid piece of self-indulgence. Once the tablecloth is removed the railway

SPORT

Cricket/Teresa McLean

Spinning a magic web

WARM WEATHER, sun-shine and the beginning of a new cricket season. It was too good to be true. To make the most of it before April wind and hailstorms closed in, I travelled south, to Kent. There I talked to Derek Underwood, England's most subtle and devastating Test bowler of the late 1960s and 70s, now a salesman of artificial grass surfaces for cricket pitches.

He gave me his views on England's forthcoming series with the West Indies, the team arrives early next month thirsty for battle and blood. He gave me an expert's views. A bowler's views.

Underwood is the same reticent figure now that he was in his playing days, with the air of one who is constantly thinking, never divulging. No women batsmen found him hard to play; he looks hard to play. That was one of his most effective weapons, as he believes it should be of every bowler. "Always be planning something new. Cricket is only about 40 per cent ability; it's 60 per cent mental approach."

No-one who saw any of Underwood's most ingenious pieces of bowling, such as the classic masterpiece on the last day of the 1968 Oval Test against the Australians, when he took 7-50 to win the match and save the series, could dare doubt him.

Underwood was a slow medium-pace left-arm, round-the-wicket merchant of menace. As England's bowling at the moment is short of fast, medium, slow and spin bowlers, he has no doubt that it must make menace its strength. "If I was about to start a series against the West Indies, I would be discussing and thinking about their batting, analysing it, getting some strategies worked out."

I asked if there were any weak links who might merit extra careful study? As cautious as he is shrewd, Underwood gave a guarded reply. "Gordon Greenidge, I suppose. A wonderful batsman, but by now he must be a bit slower than he was."

Greenidge's recent form has looked a little on the weak side. If he and Desmond Haynes maintain their tradition of excelling in the West Indian batting this summer, England must concentrate on dislodging him early, before the partnership develops into a match-winning one, like the 298 he and Haynes rattled up in their last Test against England, at Antigua a

year ago. Sometimes, if the West Indian batsmen fall into a downward slide, they lose patience and are almost as liable to collapse as England - witness their first Test against Pakistan last November.

If England can get an early breakthrough, they need to keep the tactical initiative, bowling with great thought and aggression to Viv Richards, the West Indies captain and Underwood's second (and more surprising) choice as a vulnerable West Indian batsman. Underwood thinks Richards has so much natural talent that "he may have become just a little bit arrogant now," resentful of setbacks, perhaps better at staging a brilliant individual stand of defiance than leading a team fightback.

This is brave thinking, and Underwood admitted with a wry smile that "Richards is always a danger and likely to score at least one, probably

*Derek Underwood,
England's 'quiet man,'
talks about the
forthcoming Tests*

two hundreds in five Tests." But he has his weaknesses: "The old game is a great leveller." England would be glad if fate chose to level out Test match fortune for them this summer, but if psychologically powered bowling is to be their main means of helping this happen, they need to arrange its use clearly. English fast bowling at the moment is limited to Devon Malcolm, a strike bowler of occasionally demonic form, who needs a partner in pace at the other end.

Angus Fraser is not a pace bowler and it is misguided to try and use him as one. England would do better to give Martin Hickmell credit for taking more wickets last season than any other English bowler of fair pace except Neil Foster of Essex (ineligible since going on the unofficial 1989-90 tour of South Africa). Tim Manton of Warwickshire and Steve Watkin of Glamorganshire. If Hickmell does open the English bowling with Malcolm, he should do so for one game but for the whole series, come what may - a vote of confidence such as few English players receive nowadays.

Fraser should be used in the vital, difficult, fast-medium slot where he

belongs, to take over from opening spells of speed. If he survives the intensive training and practice demanded by modern English cricket's fitness regime, he and Manton can generate enough refinements of length and movement to make them an effective fast-medium pair. Such a pair would be a great boost to English resources this summer - containing, frustrating and trapping West Indian batsmen keen to cut loose.

It is not an easy task. West Indian batsmen have not looked seriously uncertain in English Test matches for over 20 years. The last time the West Indies lost a series in England was in 1969, when Gary Sobers' great side of the 1960s had broken up, morale had sunk and the corpus of '70s and '80s West Indian skill, which is now in its twilight years, had not yet been established.

Presumably the main body of this summer's West Indian batting line-up, after the opening pair, will be drawn from Gus Logie, Brian Lara, Ritchie Richardson, Carlisle Best, Carl Hooper, Jeff Dujon and Viv Richards, who comes in anything from No 5 to No 11. Not an encouraging batting target for bowlers.

Underwood says all England need do is continue themselves that they will win and, if that proves too much, give the impression that they believe they will win. After all, England won the first Test in the West Indies early in 1960, having lost 14 of their previous 15 Test matches in the West Indies. Nothing is impossible.

Richardson has never yet managed to do his sparkling best in England; Dujon is said to be less nifty than of old behind the stumps, and, if only England's captain and selectors will take up their most exciting chance, few of the West Indian batsmen are used to playing high-class spin bowling in English conditions.

Naturally, Underwood has clear ideas about this subject and they are ideas with appeal to anyone who finds the remorseless monopoly of speed in West Indies bowling catastrophic. "We need a specialist spinner, one canny one prepared to really use the ball, bowl it up and give it air. We should play Richard Illingworth. And a slow bowler who uses flight if only there was one - Phil Tufnell, I suppose."

Now that would be real attack. Surprise is such an asset in attack and a battery of slow, guileful bowlers,

unassisted by lifeless pitches or blistering batsmen, would be a surprise response to the one-track Caribbean bowling assault.

England have nothing to lose. They can't do worse than they did in the last two blackwashes at home. They might as well set to work on building an attack against the odds. The first



Patrick Eagar
Forever deadly: Underwood, India v England 1981

Test is the one that matters most. England should go out to bowl in it armed with some unusual weapons, aiming to unsettle the batsmen.

I had to end by asking Underwood if England would beat the West Indies. He was careful, if not grim. "They've got their work cut out," he said.

Tennis/John Barrett

Indulging in memorabilia

FROM THE start it was Mission Impossible. Whoever he had played in the first round in Monte Carlo on Tuesday, Bjorn Borg would have lost. Yet I take no pleasure from having forecast the defeat of the former world champion at the hands of the 26-year-old Spaniard, Jordi Arrese, who has never been ranked higher than 28.

After all, it was not difficult to see that a man of 34 who has not played a tennis match for eight years and is using a wooden tennis racket cannot expect to compete on level terms with a tournament-tough pro wielding a graphite frame.

The fact that Bjorn, in his prime, was arguably the greatest match player ever counts for nothing.

During Borg's eight-year absence the game's equipment has improved. So have the players. They are bigger, fitter and faster than tennis players have ever been. Thanks to modern technology men like Agassi, Sampras and Ivanisevic can hit the ball much harder than ever before. This makes for more excitement on slower courts but shortens the rallies and diminishes the species on fast surfaces.

The men's game has become more physical, less subtle, though the women's game has benefited by making winners easier and reducing tedious rallies.

I can understand why Bjorn is attempting a come-back, and believe him when he says it has nothing to do with money. His complicated private life has certainly not brought much happiness. How natural, then, that he should seek that elusive commodity in the arena where he was once supreme. Revealingly, he said this week how great it felt to walk out to a tumultuous welcome and to perform again for his public.

What Bjorn will discover, however, is that it is not much

fun losing. He never had much practice at that. Yet if he were prepared to set his sights a bit lower, he would discover a world of opportunity. Today's 35-and-over circuit is growing fast and although the prize-money is relatively modest, men like Stan Smith, Bob Lutz, Ilie Nastase, Roger Taylor and John Lloyd enjoy themselves and provide wonderful entertainment. Whatever Bjorn decides to do, I for one, hope that he opts for the junior veterans' tour next year.

Anyway, his reappearance offers me the excuse to indulge in a little memorabilia:

Nice 1971 - Lennart Bergelin shouting his head off. This is a crisis. Unless the 14-year-old Borg can be dragged off the practice court to join the rest of the Swedish junior team in the bus, they will all miss their dinner.

Wimbledon 1972 - Bjorn wins the Junior event by recovering from 2-5 in the final to beat Britain's Buster Mottram 7-4. In these columns I wrote "clearly the Swedish boy is a match player of some class but from the way he hits the ball, he is unlikely to be of much account on grass."

At the time, everyone agreed!

Wimbledon final 1976 - Wondering how Bjorn could serve as well as he was doing against Nastase when he was having to apply a cold spray to a damaged stomach muscle at each change of ends. His serve, not his groundstrokes, was the cornerstone of this first of five Wimbledon successes.

Wimbledon final 1980 - Marvelling at the quality of Bjorn's serving in the final set of a memorable final against John McEnroe who had saved five match points in winning the 4th set tie-break 18-16. Borg wins Wimbledon for the last time: 1-6 7-5 6-3 6-7 8-6.

It was a fitting climax to a glorious career. That is how I shall remember him.

Jews to be allowed in will be unrestricted but that no evident limit had been set by the Bonn government. The Jews are to be treated as refugees and distributed among the Länder (states). No Jews would be accepted as refugees once they had gone to Israel he noted, an apparent concession to Israeli concerns.

A Soviet Jewess who was among the first Russian Jews to emigrate to Germany instead of Israel in the early 1980s, waited patiently with her newly-arrived brother from Leningrad, an engineer, his wife and daughter. Like many of the Soviet Jews who live in east Germany as a former host to Vietnamese workers but are eager to settle in Berlin.

The Soviet Jews have expanded as far as possible the Nazi era from their memories. Before the Nazis, Germany represented everything which was progressive to many Russians and Russian Jews alike.

"Germany is a democratic country," Boris Kaplan, an engineer, remarked. He came from Kiev in the Ukraine with his wife and son. They left out of fear of Panayat, the nationalist and anti-Semitic movement. He said of Germany: "The people like Jews and we like the Germans."

Despatches/Leslie Colitt

Jews who seek a German safe haven

The economic motive is powerful among Soviet Jews planning to emigrate to Germany. But it is inseparable from fears that anti-Semitism, always present in Soviet society, will become virulent as the disintegration of the Soviet economy accelerates.

Most Jews admit they did relatively well in the Soviet Union, with many belonging to the intelligentsia and some operating in the black market. Disparaging remarks about Jews are increasingly heard in the lengthening food queues as well as in the metro and buses. Instead, the Jews feel that the overt anti-Semitism of the ultra-nationalists' Patriyat movement is failing on increasingly fertile ground.

Most of those emigrating are in the prime of life and highly skilled. "We are getting the cream of Soviet Jewish intelligentsia," says Matthias Jahr, head of the Advisory Office for Jewish Emigrants. Engineers, computer specialists and doctors were more likely to find ade-

quate employment in the German economy than anywhere else. They did not want to end up as manual labourers in Israel.

Difficulties have been caused, however by the fact that many Russians have been arriving in Berlin with forged papers declaring them to be Jews. Among Soviet Jews this was jokingly referred to as "capitalization."

Boris Wolleson, 49, a bolding computer programmer from Khar'kov in the Ukraine, came to Berlin last year with his grown-up son and now Jewish former wife.

"I feel more European than Jewish, otherwise I would have gone to Israel," he explained, walking out the Advisory Office. Like most Soviet Jews he was not religious.

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A Jewish woman who came to Berlin 20 years ago waited at the Advisory Office with her newly-arrived brother from Leningrad, an engineer, and his family. Her brother said that his nine-year-old daughter had been subjected to massive anti-Semitism at school from children who were echoing remarks heard at home. Symptomatically, none of the teachers intervened to stop the harassment.

This and worsening economic conditions had made them leave everything behind them including a comfortable house and car - a good life by Soviet standards. "It is like a contagious disease, one family that contracts triggers off the decision by another family to do the same," his sister explained. She allowed to his son, a talented biologist, to move to Germany to attend to life in Germany like "fish to water." Her two children, who were 14 and four years old when she came, now feel themselves to be Germans more than anything else. Some German politicians sense the unique

opportunity to inject a vigorous new element into the tiny, ageing Jewish community in Germany of some 30,000 survivors. Others, however, suspiciously view the Soviet Jews as the vanguard of a horde of destitute Russians and other easterners preparing to descend on Germany.

Thus the German authorities have displayed a somewhat ambivalent attitude towards the Soviet Jews. Invited by East Germany, which ceased to exist last October 3, they were officially "tolerated" by the Bonn Government, that is, allowed to stay for an indefinite time. At first no more than 1,000 Jews were to be allowed in but this suggested limit was sharply criticized by Heinz Galinski, chairman of the Central Council of Jews in Germany.

He

Galinski, himself a survivor of Auschwitz and other camps, regards the rejuvenation of the Jewish community in Germany as a question of its very "survival"

Wolfgang Schäuble, the German Interior Minister, promised that entry for Soviet Jews would be handled "generously" but could not exceed a "tolerable" limit. No exact figure was given but 10,000 a year was suggested as a reasonable number. Israel, and some Jewish organisations in the US, expressed concern over the number of Soviet Jews arriving in Germany although it was minute compared with the 185,000 who came to Israel last year. Ironically, problems also arose with a considerable number of Russians who turned up in Berlin with forged papers declaring them to be Jews.

The Soviet Jews bring with them a remarkable reservoir of goodwill.

The German government this month ruled that Soviet Jews who wanted to emigrate to Germany could no longer come as tourists but would need visas from the German Embassy in Moscow. Lutz Voss, an official of the Berlin Interior Department, said it was unclear whether the number of

that can be used either by its own computer or the one that operates the anti-lock brakes.

Systems like Porsche's that use air pressure sensitive transmitters cost several hundred pounds. It is too early for Sumitomo to put a price on its own system, but it would clearly be much less. Low enough, in fact, for it to be a practical optional extra for any car with ABS brakes.

Car makers in the US, Japan and Europe have made it clear that although they know all about the theoretical benefits of specialised run-flat tyres, they may not put up with their complication and expense.

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BOOKS

Life and loves of a political philosopher

Anthony Curtis admires Benjamin Constant

BENJAMIN Constant was 22 in 1789 when the mob stormed the Bastille. After a whirlwind, scapergrace youth he had come to rest in Brunswick where he was employed at the Duke's court in the sinecure of gentleman-in-ordinary. In 1794 he met Germaine de Staél, then aged 27, the daughter of Louis XVI's finance minister, Necker. She had a mind as penetrating as Constant's, and as great a sexual charisma in spite of not being beautiful. Her personal dominance over eminent men and women was legendary; the influence of her liaison was unrivalled.

Some writers on Constant have suggested that the effect of his liaison, collaboration, turning eventually into a stormy love-affair, with Mme de Staél, was to transform his outlook from that of an 18th century rationalist - he was educated at the University of Edinburgh in the days of Adam Smith - into that of a 19th century romantic. Geoffrey Scott's *The Portrait of Zélide* (1925), still a most readable piece of Strachey-like writing, dramatised their encounter in this light. The later biography of J.C. Herold's *Mistress to an Age* (1953), also highly readable, corrected that view to some extent and is indispensable for a full understanding of their careers.

Zélide (as she called herself in a self-portrait) was Constant's first female mentor. Known after her marriage as Bellis de Chârriere, older than Constant by 27 years, she was a lively, striking, high-minded Dutch aristocrat who had isolated herself in the country at Colombier in Switzerland with her mediocre Swiss husband. Whether or not she and Constant - a Swiss of French Protestant origin - were lovers has never been established. Sainte-Beuve thought they were; the editor of her papers thought they were not. At any rate, Zélide became in her maturity a quietist who practised restraint and control over the passions; Germaine de Staél was a political activist who never feared enthusiasm and involvement. Apart from her writings and her attacks on Napoleon, she was a courageous "scarlet pimpernel" during the Terror.

"He [Constant] could not

BENJAMIN CONSTANT AND THE POST-REVOLUTIONARY MIND
by Biancamaria Fontana
Yale £20, 165 pages

serve two goddesses," wrote Scott, "he had chosen the false mysticism of Germany [de Staél]: the doors of the temple of reason were shut and the gates of Colombe were never to be rekindled." This excellent new book, *Benjamin Constant and the Post-Revolutionary Mind*, shows that Constant never really abandoned reason for false mysticism. By applying reason to the main problems confronting French society in the post-revolutionary period, he identified many issues that are still unresolved today. He entered the debate begun by the *Philosophes* of the Enlightenment about the general will; he approved of Godwin's *Enquiry Concerning Political Justice* and tried to bring it to the attention of the French public; he took issue with Burke's *Reflections on the Revolution in France*. There are as many absurdities as lines in this famous book," he told Zélide.

Biancamaria Fontana, formerly a fellow of King's College, Cambridge, has previously edited an edition of Constant's political writings and is an admirable elucidator of his political thought in his numerous letters, books and pamphlets during the period after the fall of Robespierre and throughout the

Contemporary silhouette of Benjamin Constant

Chitchat with Tennessee

Geoffrey Moore ponders Williams' best friend

A party given by John Gielgud in June 1948 Maria Britneva noticed a young man wearing one red and one blue sock. Since everyone was ignoring him and he looked vulnerable, she invited him around for a meal with her family. There he met members of the White Russian colony in London, including "Larky Boy" and "Klop the Bug" (father of Peter Ustinov). A few days afterwards he disappeared, and in July Maria started receiving letters from Paris addressed to "Darling Maria" and signed "Love - Tenn."

Yes, folks, you've guessed. The young man (he was actually 37 at the time) was none other than the famous playwright, Tennessee Williams, who, having taken Broadway by storm with *A Streetcar Named Desire*, had come to London for the British premiere of *The Glass Menagerie* - John Gielgud directing, Binkie Beaumont producing. The fact that Williams was staying in a suite at the Ritz does not dim the brightness of Maria's story. She might be a little naive, but she is a genuine 100 per cent chick.

But who exactly is she, you may ask? A glance at Donald Spoto's biography of Williams reveals three brief entries. In the first, she is described as "a young Russo-English inspiring actress... a woman of strong loyalty and vitality." In the second, her name is mentioned on a plaque at Williams's summer-house Key West, along with six others. In the third, her antagonism to Tallulah Bankhead is noted,

making her co-trustee of his will.

And so we have the St Just letters. The change in Maria's name is accounted for by the fact that, although she was for a long time in love with James Laughlin, she finally married Peter, the sullen son of the banker, Edward Grenfell, who had taken the title of St Just and bought himself a Palladian mansion. By Peter, she had two daughters, and, since she was the offspring of Russian aristocrats, fell into her new role with gusto, playing with "Froggy Footman" (the dog) in the country and dispensing champagne and badinage in Belgravia.

Tennessee knew exactly how to pitch his letters to her. Discussion of stage craft, technique or plot motivation were not called for. He turned on the gossip like a tap. The justification for the publication of these letters is Maria's burning - and altogether honourable - desire to prove that Tennessee Williams is the greatest playwright of the century. Unfortunately, you do not achieve this purpose by printing chitchat - enjoyable though it is, coming from the great man himself - nor by reproducing letters to the Swedish Ambassador wondering why "the most distinguished dramatist writing in English" has not been nominated for the Nobel Prize, signed "The Lady St Just."

And who, pray - we return to our question - exactly is the Lady St Just? She is simply the best friend Tennessee Williams ever had, that's who she is. Or is she?

FIVE O'CLOCK ANGEL
Letters of Tennessee Williams to Maria St Just, 1948-1982
Andre Deutsch £17.99, 407 pages

behaviour and the bitchery of his friends.

Where Harold Acton saw "a petty, taciturn moustached little man without any obvious distinction," Maria acknowledged only her soul-mate, whose blue eyes she had gazed into at John Gielgud's party. When asked what he would like most in life, Williams once replied, "To be handsome." Maria did not care whether he was handsome or ugly. She accepted him completely, seeing only good where others saw bad. She had been struck by lightning and is still in the same state long after his death. To the consternation of those who thought of themselves as his nearest and dearest, he rewarded her by

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View at Narni by Camille Corot - taken from Corot in Italy: Open-Air Painting and the Classical-Landscape Tradition by Peter Galassi (Yale £25, 256 pages, 284 illustrated in colour and black and white).

This picture was exhibited at the Salón of 1827 and is one of his most striking Italian landscapes, painted nine or ten months after arriving in Rome. It was once owned by Degas and is now in the National Gallery, London.

Mr Galassi argues not only that Corot's open-air studies point forward to Impressionism but also that they mark the culmination of the earlier classical landscape tradition.

A major Corot exhibition is to be held in Manchester City Art Gallery from May 18-June 30, to be accompanied by another book - *Corot and the Art of Landscape* by Michael Clarke (British Museum Press £12.95, 160 pages with 135 colour and black and white illustrations).

This book provides an Anglo-Saxon perspective on the artist, examining Corot's life and work, and his influence on a generation of painters after him.

Behind the man from nowhere

THIS IS the first quick-fire interim biography of Mr John Major to have appeared on my desk for review. Two more are due out this spring. Mr Pearce and/or his publishers are to be congratulated for working so fast. They may have scooped the pool, for in truth there is not so much to say about the subject that one book any longer than this short one is needed, let alone three. Even recapitulations of the events surrounding the fall of Mrs Margaret Thatcher, in which one of the expected new tones aims to excel, are becoming a drag on the market. Enough is enough. Mr Major may become a good prime minister, possibly an excellent one, but it is far too early to say. For the moment he is the quintessence of ordinariness made momentarily interesting by his sudden emergence in the top political job. That is all.

Thus limited in what he can hope to achieve, Mr Pearce has done better than you might expect. He writes well; he is therefore an agreeable read. His little excursions about the nature of prefer-

ment inside the Conservative party, or the true function of the whips' office, are both necessary to an understanding of his subject and a potentially useful addition to the reader's store of knowledge.

As might be expected, there is not one drop of Kitty Kelley vitriol in these pages. Indeed, there are no seriously adverse comments upon Mr Major. Mr Pearce's tone is too matter-of-fact to be derided as hagiography; against that it lacks the overlay of informed criticism necessary to a rounded picture. Perhaps a posthumous biography will provide one. For now, the basic facts will have

most of them familiar. Mr Major is rare if not unique among British prime ministers in the degree of economic hardship he endured as a child. He really knows unemployment from the perspective of the dole queue. He has brains, talent, and drive, although in the case of the first two qualities, not necessarily in excess. Mr Pearce suggests that had the prime minister's lower middle-class family not fallen upon hard times he might have made it

to Oxfordbridge; as it is he is an antidote with a retentive memory and a quick grasp of new material put before him.

His outstanding quality whose origins are unclear is his ability to get along with people, to be liked even by his political and other opponents. A Lambeth housing director, the late Harry Simpson, was an early mentor and tutor in the ways of winning friends and influencing the opposition.

Mr Major is quoted as saying that "he would take people who were totally opposed to his view, he would analyse their outlook, and the first thing he did was to understand their argument and why they made it. From that perspective you can dismantle it unless of course you get a better understanding and realize they may be right." The prime minister's predecessor did not

THE QUIET RISE OF JOHN MAJOR
by Edward Pearce
Weidenfeld & Nicolson £14.99, 177 pages

attend the Simpson school of public service, but then perhaps she might not have achieved as much as she did if she had.

Combined with a willingness to master the detail of briefs, Mr Major's studied eminence worked well. It enabled an extremely ambitious politician, who was not averse to using all the normal political tricks, to rise from nowhere four years ago to prime minister today. Of the two important posts Mr Major held along the way, Mr Pearce is definitive about the brief spell as foreign secretary and rather at sea about the year as chancellor of the exchequer.

As to the question, what is the real Mr Major like, this book gives the answer, which is that there is no answer. Even the prime minister cannot know it. Fate has only just picked up the clay. It is knowing it, taking its time in shaping it. We will know what the prime minister is like when office has fully formed him.

Joe Rogaly

Civil War revisited

THE FALL OF THE BRITISH MONARCHIES, 1637-1642
by Conrad Russell
Clarendon Press, Oxford £40, 530 pages

- and Catherine the Great said that Russia was "ungovernable".

Charles I found, or made, his kingdom ungovernable. And one is impressed - as Churchill was - by the intractable complexity of the situation. Russell's book adds up to the old traditional view that it was the religious animosities that made it so. The Puritan hatred of Laud was well nigh insane.

Mr Russell's book gives one

more to think about than any

of the scores of books on the

subject, mostly pro-Parliament

if not pro-Puritan. Russell is

more fair to Charles I, think

he was not more "duplicitous"

than politicians are apt to be.

As one reads it, Charles I

was more tolerant than they

were, and more sympathetic to

the Catholics in Ireland than

they could possibly be to

destructive Covenanters. A civilised man, Laud had

been shocked by the devastation of

the cathedrals in Scotland; he

called it "Deformation, not Refor-

mation".

Charles I's attempt to

achieve a measure of religious

uniformity with England in

Scotland produced a rebellion

which he had not the means to

suppress. So it was the Scots

and their intervention which

turned the scales in England.

Then they attempted to impose

Presbyterian uniformity upon

England. This was just as

hopeless as Charles I's attempt

to Scotland. People rarely learn

from political experience. It is

an ironical, sad reflection upon

human affairs that some sort

of unity was eventually

achieved by Cromwell only by

force. And then it was against

the majority in all three coun-

tries!

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ARTS

Devolution grinds to a halt

Antony Thorncroft on the latest developments in the arts world

IT LOOKS as if the proposed great shake up for the UK arts world, the drive towards devolution, much led by the last Arts Minister, Mr Tim Renton, is being laid gently to rest. The current Minister, Mr Richard Luce, is being given time to reflect. The current Minister, Mr Tim Renton, has doubts as to whether control of the subsidy purse strings should be taken away from the Arts Council in London and handed by new Regional Arts Boards. He is not proving the soft touch the arts Establishment anticipated, and is currently wagging his finger furiously at everyone in sight.

This week he asked Mr Anthony Everett, the secretary general of the Council, to save another £1m on devolution and pretty sharply too – by May 17. The Arts Council is cutting its staff by 50, down to 130, but, although two Regional Arts Associations are to disappear under restructuring, staffing of the new RABs is set to rise by 50 to 370. Now the hard pressed chief executives of the RABs, torn by what may be Ministerial changes, will find the supposedly weakened London Central forcing them to shed staff.

And, despite the intentions of Luce, the RABs do not seem to be getting their administrative hands on the bigger companies. Last December the Arts Council forwarded to Renton a list with the names of over 50 companies earmarked, often against their will, for devolution, and including such heavies

as the four London orchestras, the Royal Court, the ICA, the CERSO, and the Royal Exchange Manchester. It was expected that he would rubber stamp it; instead he quickly ordered the Council to rethink. The first group of 28 companies devolved this week covers pretty minor bodies, with the exception of Aldburgh.

With no second list now expected until October 1992, when a very different Minister might be setting in, it looks as if the devolution bandwagon hardly rolled beyond the suburbs of London.

One bandwagon which has definitely halted is Upstart, the theatrical production company, which has gone into liquidation. It was started three years ago with a substantial £150,000 contribution from the Arts Council. Business interests were expected to match this sum.

The decision dismayed established touring groups, like Compass, which relied on Council money for their survival, and purists who thought the Arts Council should not get involved with playing the theatrical angel.

Upstart's ventures, however well intentioned, never struck gold. It always seemed to be trying to square commercial acumen with a social conscience and it discovered there just was not an audience in the provinces for black musicals like *Muss Carl* or children plays like *Pied Piper*.

It came to grief over another mix of religion and Mammon, *Children of Eden*, a musical based on the Book of Genesis, which closed prematurely on April 6th, not bringing drama to an overlooked provincial town, but, ironically given the company's remit, in the West End. Like an Upstart musical, the Arts Council is looking on the bright side and counting the sixty weeks of regional touring it got for its money.

Mr Jeremy Isaacs, boss at Covent Garden, has finally pleased his critics. He is starting to earn his pay.

He could just about get on stage without zimmer frames, but anything at all mobile was left to the legs of specially recruited supernumeraries. Apart from their static posturing the main problem was the voices and the fact that the Covent Garden repertoire has recently been boosted with Russian works, like *Prince Igor* and *Boris Godunov*, which stretched their verbal learning powers beyond the limit. There were reports that they were behind the bear in *Prince Igor* because they were reading their lines off monitors.

Now chorus numbers are being reduced from 72 to 60, with freelances summoned up for the mammoth productions. Mr Isaacs has been slow to act through human kindness. The ROH pension scheme was rudimentary in the extreme and only now can these faithful servants be retired to some comfort.

Mr Guy Wilson, Keeper of the Royal Armouries, expects to know within the next month whether his plan to lead his unrivalled collection of arms and armour out of its 900 year home at the Tower of London and into a purpose-built museum in a regional city will come true.

The Royal Armouries has felt increasingly inhibited in the Tower even though it inhabits some of the finest remaining, including the White Tower. It wants its own identity and space to show more of its collection. It will not demand the Tower; it can afford to leave many treasures behind, including a set of Henry VIII's armour (it owns four), but it is considering offers from progressive cities who, in the wake of the success of Glasgow and Birmingham, see the economic opportunities in the devolution of major arts organisations from London. Leeds, stung by the success of neighbouring Bradford in developing a heritage reputation, is currently the favourite home for the new £20m museum.

The problem, of course, is money. If the Government comes up with a useful grant, Wilson hopes that the local authority, and an appeal to business friends, will do the rest.



Razzmatazz by Roy Lichtenstein, est. \$300,000-\$1.2m at Christie's sale on May 1

New York Saleroom

A Contemporary gamble

WHAT SAYS that the market for Contemporary Art is in deep trouble? Listen to this for Christie's description of what it is selling New York next week: "A pantheon of the greatest Abstract Expressionist and Pop artists represented by museum-quality works, many coming from distinguished private collections. Reflecting a market trend, the traditional evening sale of Contemporary Art now includes a broader range of artists and estimates to accommodate a wider group of collectors." Let's be honest, Christie's has style.

At its big sale of Contemporary Art in New York this time last year, it sold 11 works for more than \$1m and established record prices at auction for ten different artists. Next week if it is lucky, it will manage to get five paintings over the \$1m mark and those, only two – a Twombly and a Kline – are likely to make more than a couple of million. And what of records? Franz Kline's "West Brand" is its main hope with an estimate of \$2m-\$3m. This was sold at the Victor Ganz sale in November 1988 when it was bought by the Swedish collector, Hans Thulin, for a hefty \$6.83m – a record for Rauschenberg that still remains. It is estimated at a lower \$4-\$6m in next week's sale and it is being sold "By order of the Creditor" of a Scandinavian Private Collector. Mr Thulin one presumes.

Homan Potterton

Struggle of the sexes

Max Loppert on the Berghaus treatment of 'Ariane' in Paris

MONDAY evening at the Châtelet had all the hallmarks of a classic Paris opening-night *spectacle*: end-of-act thunderclaps of boozing interspersed with equally forceful cheers, with the boozers eventually triumphant during the final curtain call. To the critic of *Le Figaro* the whole show was "parfaitement détestable"; to the Cassandra in the audience who believe that opera as a theatrical medium is being ruined by the excesses of the modern producer, the evening will have supplied plenty of confirmatory evidence.

The opera chosen for revival was Dukas' *Ariane et Barbe-bûche*. It is one of the key items in the French-music cycle that is the principal preoccupation of the season's musical programme at the Châtelet, since it is an early 20th-century French landmark – much loved by its devotees, a semi-rarity in the last few decades (not staged in Paris for 16 years), recently re-discovered in Amsterdam, Geneva and Leeds.

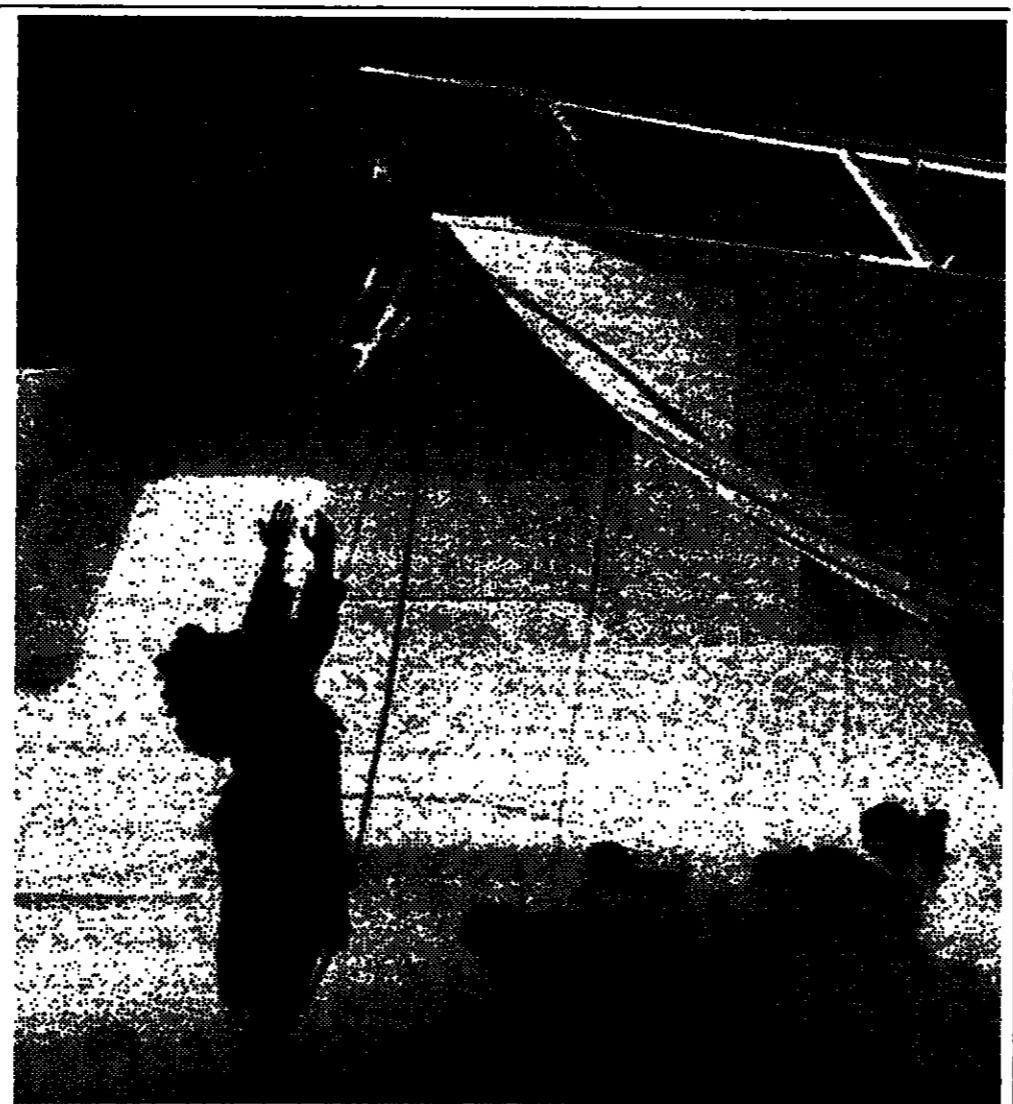
But the choice of production team for the revival seemed to guarantee controversy, being headed by Ruth Berghaus, actress, choreographer, widow of the composer Dessen, veteran of the Berlin Ensemble, and exponent since the 1970s of a mode of psycho-surrealist opera production that all over Europe has won her fanatical admirers and detractors in equal proportion. In Britain we know her work only from the 1984 Welsh National *Dionisozzi*.)

For her an opera's text is a blank canvas: she creates on stage the associations that it summons into her head, not the events invented by the librettist and set by the composer. *Ariane*, whose allegorical narrative Maeterlinck placed in the depths of an ancient castle penetrated by the determination of its light-bringing heroine, is here a

Freudian fantasy set (by designers Hans-Dieter Schaal and Marie-Linie Strandt) among the roof-tops, all dream-world white – of a modern city, Paris presumably. The action takes place on, beside and around chimneys, roof doorways, staircases, guitars; at those points in Act 1 when Ariadne (in huge frizzed wig and Nehru suit) and the Nurse (dressed, according to *Le Figaro*, "en mauvais garçon", in tights and bowler) uncover the secrets of the locked doors, apertures fly open and dancers in coloured tights wriggle out. The connection between the opera's leading role and the Ariadne of Greek mythology is forged by a line of trailing cord, at times electrified like the lights on a Christmas tree.

Bluebeard in a natty three-piece arrives stage right on a huge speedboat, the wives ensconced within like chattels; this is a moment of enormous theatrical frisson. In Act 3, when the women have temporarily freed themselves, we find this symbol of male potency laid on its side – but at the end, as they opt to return to Bluebeard and familiar servitude rather than departing with Ariadne to follow a life of feminist freedom, the wives crawl back into the boat, and Ariadne and the Nurse march off to explore horizons, and rooftops, new.

In short, and leaving undescribed a thousand fascinating production details, Dukas's and Maeterlinck's opera is here refined for its "deep structure": and it is this – the symbolic struggle of male and female – that we see staged at the Châtelet, filtered through the Berghaus subconscious. I found it all wonderfully rich and substantial, magically beautiful to look at, endlessly absorbing; even where I failed to catch the significance of this or that moment, I was swept along by Berghaus's immense powers of stagecraft, and the feeling I had that this was,



Françoise Pollet and Gabriel Bacquier in the title roles of *Ariane et Barbe-bûche* at the Châtelet

however maddening, a serious enterprise, deeply considered, by no means either "fashionable" or intentionally iconoclastic.

There is, of course, much to be said against it. Berghaus's is a dangerously in-group method of opera-staging. You might almost call it meta-production: you need to have the libretto under your belt in advance, not to mention your well-honed tools of Freudian dream-interpretation, otherwise you get left very much on the peripheries of the theatrical unfolding. This *Ariane* was not an integration of words and music, not a unification of pit and stage; the insubstantial build-up and achievement of climaxes that Opera North audiences will have learnt to regard as one of

the work's prime glories was not to be had here.

Even though after a lumpy first act the Orchestre Philharmonique (and, hidden from view, the Chœur) de Radio France performed extremely well under Kishio Inaba, the music and the staging seemed discrete entities, to be experienced as it were on different artistic planes. Directness of verbal communication from the lips of the singers was not the first source of revelation.

As it happens, the opera was most eloquently and – apart from the rich-toned but word-muddled Nurse of Nadine Denize – clearly sung. Gabriel Bacquier was, as one might expect, effortlessly authoritative with Bluebeard's few lines; the wives, led by the Sylvestre of the excellent mezzo Hanna

Schaer, were well contrasted. Not to be had here.

The opera's leading role was taken by the new white hope of French opera, Françoise Pollet. She was perhaps ill-advised to tackle this Everest of French dramatic-soprano roles, being soft-spoken in her timbre and sometimes strained at climaxes; but her musical manner and delivery are so ravishingly fresh and responsive that I was glad she had done, and full of admiration for her willingness to appear in so unflattering a garb and head-dress. Indeed, she and all the cast gave the impression of full commitment to Berghaus. This is not the way I want to encounter *Ariane* in particular, or opera in general, very often; on its own terms it was unforgettable.

Among this year's "broader range" are many such works including an attractive Motherwell of 1975, "Pas de Deux", which is estimated at \$70,000-\$90,000; it belongs to John Kluge, who is also selling a Jackson Pollock (estimated at \$3-\$50,000) and a Richard Lin-

der (estimate \$1-\$150,000).

This is not the sort of deal the auction houses like. It spells out in easily understood Wall Street terms exactly what has happened to the market: has Rauschenberg gone up or down? Whether the Rauschenberg in question is good, bad or indifferent is neither here nor there; it was never acquired for that reason.

After Rauschenberg, the next most important paintings at Sotheby's – at least the most expensive – are two works by Twombly. These come from the Saatchi Collection and their sale is part of a discreet dispersal process of works from that collection which has caused ripples in the market over the past year. Saatchi is also selling a Philip Guston of 1976 (estimated \$700,000-\$750,000) as well as pictures by other artists.

These are all "hot" names and many people have a vested interest in seeing that prices for their work hold up. They, as much as for the wider group of collectors" whom Christie's is expecting are the ones who may be bidding next week and for very good reason. If we see new records – or even high prices – for new names, expect to see more of those artists in auctions next Fall. Don't ask who is selling and never ask who is buying but beware today's market for Contemporary Art is for specialists and not necessarily art specialists.

Records

Strings and trumpets

Reflection, Shadow – respectively from 1978 and 1982, and re-released (on Unicorn-Kanchana UKCD 2088) in the riveting *Fires of London* accounts – the new Trumpet Concerto and still more the Fourth Symphony have surprisingly "traditional" surface manners. Of course the plain-chant-based material is constantly rotated and transformed in the individual Davies way, and tonality has little to do with that; but the Heral dictum is reassuringly old-fashioned – and therefore tantalising, because the real musical argument is strictly modern.

Instead of neo-Expressionism and wilful fantasy, there are square-cut phrases with a lot of even notes (sometimes recalling Messiaen's hieratic formules), rumitative wind solos, curving duets in parallel lines, thumping little rhythmic cells and bright, familiar splashes of fanfares. One almost thinks:

"Sinfonia Academica"! Yet

there is enough symphonic muscle in each work to grip the attention. Time will have to tell what that amounts to:

whether the sacrifice of the

fresh, immediate colours and

fluidity of *Ace Morris Stella* and *Image*... serves the purposes of a still richer musical construction. Maybe the *Francis* opera, when it's done, will help to illuminate the new, shock-free Davies style.

Volume 3 of the Unicorn-

Kanchana survey of Elizabeth Macdonald's 13 string quartets

completes the cycle splendidly (DEK 9082). For these last five works the performers are the Misty Quartet, who maintain the level already set by the Hanson and Birmingham ensembles, and enjoy the bombs of the new expressive depth in the late quartets. Nos. 10 and 11 are notably poignant, without the least relaxation of Macdonald's astringent economy.

The whole set is an authentic British contribution to 20th-century music: the modest triumph of a born quartet-composer. Though her scale seems almost miniature (the Macdonald norm is 12 to 15 minutes per quartet), the laconic density, the energy and the rigorously sharp point of every piece brook no argument. It is wonderfully bracing, gutsy stuff to hear, and the new candour of feeling in the latest

quartets establishes the series as a real, maturing cycle – greatly rewarding to follow, all the way from spiky, narrow-gauge early brilliance to generally sculptured utterance and dramatic polyphony.

One pianist might hesitate before going into competition with the venerable Kirksy

readings of Janáček's noble sets and cycles; but Mikhail Rudy brings the sympathetic insight to them (EMI CDC 7 56064 2). His extra touch of bravura sets the pieces in a slightly different light (Kirksy is always "inward", as if playing for himself alone), but it remains as haunting as ever: music like no one else's.

Finally, two greatly deserved,

under-played sonatas, by

Hier Violin Sonata (Musifrance

2222-45524-2) – worthily constructed period-exhibits of hon-

est late Romantic feeling.

With some of the leading

French windplayers, the pianist

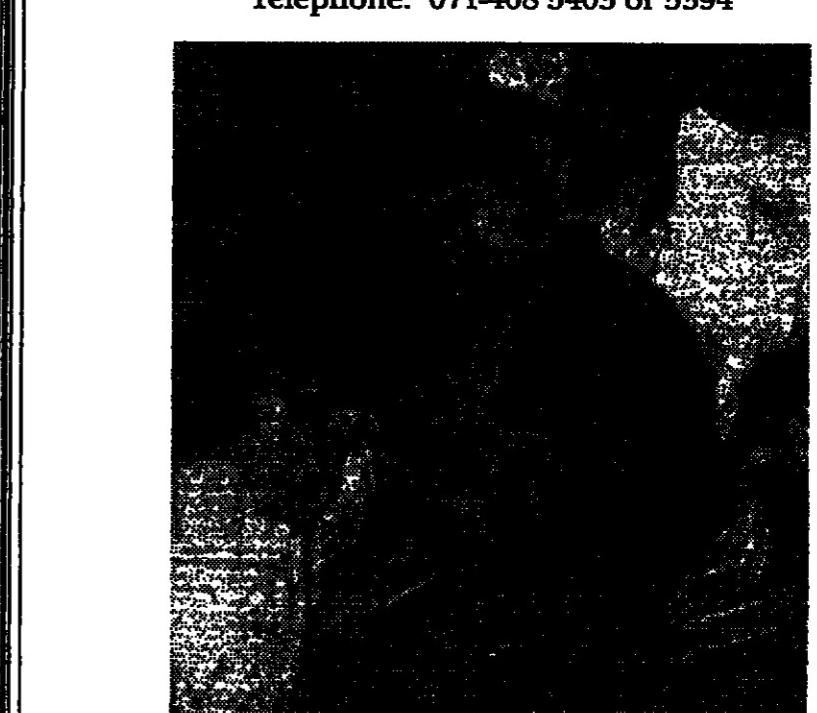
Pascal Rogé has recorded

most of Poulen's piano-and-

wind music in faultless style

(Decca 421 581-2); the three late solo sonatas, the Trio and the Sextet. They miss nothing except, perhaps, a touch of

David Murray



Henri de Toulouse-Lautrec, *La Toilette*, 1891. Estimate: £3,500,000-4,500,000

The world's leading fine art auction house

SOTHEBY'S

FOUNDED 1744

TELEVISION

SATURDAY

BBC1

7.45 Open University. 7.50 Pinocchio. 7.55 Kisses. 8.15 The 8.15 From Manchester.

8.35 Film: *Guards!* (1968). A young, naive, self-conscious about his frail physique, enrolls on a course in body-building. The results bring him athletic prowess and a new set of problems. Starring Alastair Sim and Bill Travers.

12.27 Weather.

12.30 Grandstand. 12.35 Rugby League: Preview of the Cup Final, St Helens v Wigan. 12.45 Ice Hockey. First semi-final of the British Championships. 1.00 News. 12.30 Rugby League: The Silk Cut Challenge Cup Final, St Helens v Wigan from Wembley Stadium. 4.20 Ice Hockey: Second semi-final of the Heineken British Championships. 4.40 Final Score.

5.10 News and Weather.

5.25 Show: *Tonight*. Tony Robinson explores the history of the Warner Brothers cartoon studio.

5.35 *The Flying Doctors*.

That's Showbusiness. Gloria Huniford welcomes entertainer Victor Spinetti and singer Toyah Willcox. Kenny Everett is joined by Alexander Todd Carty and actress Sophie Thompson. Presented by Mike Smith.

7.05 You've Gotta Be Joking! New series. Young comedy talents poised on the stairway to stardom present a show crammed with impressions, parodies, jingles and topical jokes.

7.35 *Pink Floyd: The Wall*. Game show with Les Dawson.

8.05 Film: *Perry Mason: The Case Of The Little Lawyer* (1989). Raymond Burr stars as the unflappable lawyer. A young law student is defended in a murder case by Perry Mason, whose longtime friend is the victim's father. With Barbara Hale and William R Moses.

8.40 News and Weather. 10.00 Film: *The Eagle Has Landed* (1977). Action-packed wartime adventure, based on a Nazi plot to kidnap Churchill, Michael Caine and Donald Sutherland star in this colourful adaptation of Jack Higgins' bestseller.

12.10 Barry Manilow: Big Fun On Swing Street.

1.00 Weather.

1.05 Close.

BBC2

6.30 Open University. 2.45 Mahabharat.

3.25 Film: *Ruby Gentry* (1962). Jennifer Jones stars as the tempestuous Ruby, born on the wrong side of the tracks and determined to be accepted into society. Spurned by her lover she sets out to destroy all who have snubbed her. Also starring Charlton Heston and Karl Malden.

4.45 Snooker: The Embassy World Professional Championships. Day eight - second round, from the Crucible Theatre, Sheffield.

7.30 News and Weather.

7.35 How Wars Begin. AJP Taylor considers Prussian Chancellor Otto Bismarck and his wars with Austria and France.

8.05 The Civil War. A New Birth of Freedom looks at the role of women in the War - particularly as nurses - and at the extraordinary series of battles that took place in North Virginia between Generals Grant and Lee.

8.35 Snooker: The Embassy World Professional Championships. Further coverage of the second round, from the Crucible Theatre, Sheffield.

10.00 Film: *Camp De Thiaroye* (1987). A powerful drama from Senegal centring on a battalion of African soldiers who are caught in the battlefield of World War Two Europe. Directed by the father of African cinema, Ousmane Sembene, and starring Ibrahima Sane and Sijir Bakaba.

12.30 Snooker: The Embassy World Professional Championship. The last visit, on the eighth day, to the Crucible Theatre, Sheffield.

1.35 Close.

LWT

5.35 ITN Morning News. 6.00 TV Am. 8.25 Ghost Train. 11.30 The ITV Chart Show. 12.30 Saint And Granville.

1.00 ITN News; Weather. 1.05 LWT News And Weather.

1.10 Grand Sportsmasters.

1.40 World Sports Special.

2.10 The Day.

2.15 Metlock.

3.10 Film: *A Pair Of Briefs* (1987). Brothers Tony and Francis fall in love while opposing each other in court. Starring Michael Caine and Mary Peach.

4.45 Results Service.

5.00 ITN News; Weather.

5.05 LWT News And Weather.

5.15 Meaghey.

6.15 Wayne Dobeck: *A Kind Of Magic*.

6.45 Bob's Your Uncle. New series. Bob Monkhouse presents a series to satisfy the British sense of fun and the public's love of the ridiculous. Three newbies compete for Bob's Biggle, with Glamping Gromits, Brides In The Briny and Dott's Bow.

7.30 Up To Date. Beginning a re-run of its comedy series, Up To Date, two couples on holiday in Spain. Starring Keith Barron and Gwen Taylor.

8.00 Perfect Scores.

9.00 ITN News And Sport; Weather.

9.15 LWT Weather.

9.30 Film: *Blitzy: Dancer's Touch*. Burt Reynolds stars as retired vice cop Blitzy in a new season of police thrillers.

10.00 Film: *Not Quite Journeymen* (1984). Comedy adventure. A group of volunteers from England, Europe and the US find a new way of life in a kibbutz in Israel. Starring Sam Robards; ITN News Headlines.

11.00 Up The Junction. New series. A music and comedy extravaganza based at the Junction Club in Cambridge.

11.35 Night Heat.

12.35 American College Football. Michigan State v Indiana.

3.35 The Twilight Zone.

4.35 The Hit Man And Her.

1.35 Close.

CHANNEL 4

6.00 Early Morning. 8.25 Sing And Swing. 9.30 Same Difference. 10.30 Images. 10.35 Wagon Train: The Tent City Story. 11.30 World League Of American Football.

12.30 The Musters.

1.00 Film: *Innocents In Paris* (1953). Seven British tourists cross the Channel to explore a gay Paris, and each has a wacky adventure. Starring Alastair Sim and Margaret Rutherford.

2.45 Channel 4 Racing from Sandown Park, including at 3.00 Threshers Classic Trial. 3.30 CCH Gordon Richards EBF Stakes. 4.05 35th Whitbread Gold Cup and 4.45 TGI Friday's Show.

5.05 Breakfast. 6.00 Omniporn edition.

6.30 Right To Reply. John Willis, C4's deputy director of programmes, defends the Banned season in conversation with viewer Simon Williams. Robin Duval, deputy director of programmes at the BBC, explains why pictures of men in drag could be shown in the Banned series but not women's.

7.00 Sound Staff: The Rhythm Divine. Sideways look at the history of disco music and its popularity around the world.

8.00 The A-Z Of Censorship. X and Y. X is the censors, Y is the public. Points out inconsistencies in British attitudes to obscenity, and suggests some solutions.

8.05 Banmed: Unit 781 - Did The Emperor Know? The experiments on human guinea pigs carried out by Japanese scientists during World War II. It is claimed that the Nazis conducted the scientists were never tried for their crimes because the American army allowed them to go free.

9.05 thirtysomething.

10.00 Film: *The Joke* (1988). How Stalinism-created moral cripples still allow the unscrupulous to flourish. Set in the 1930s, Leningrad, it shows the lengths to which the regime goes to keep the university, the disgrace of which affects his career for many years. Eventually he returns to his home town for revenge. Czech drama starring Josef Somr.

11.00 Banmed: Unit 781 - Did The Emperor Know? The experiments on human guinea pigs carried out by Japanese scientists during World War II. It is claimed that the Nazis conducted the scientists were never tried for their crimes because the American army allowed them to go free.

12.00 The Waltons.

1.00 Voyage To The Bottom Of The Sea.

2.00 Film: *The Strange Love Of Martha Ivers* (1946) starring Barbara Stanwyck and Kirk Douglas.

4.10 A Midsummer Night's Dream. The Richard III Memorial Shakespeare Festival. The Midsummer Festival's title composition with interruptions by animated characters from Shakespeare's play.

4.45 News Summary And Weather.

5.00 A Question Of Conscience.

5.30 Women's Soccer. 5.31 Action from the final of the Women's FA Cup.

6.00 The Wonder Years.

7.00 Film: *Death On The Diving Ground*. A look at the growing and profitable business of shipping hazardous, toxic waste. The United States Centre for Investigative Reporting follows the trail of both legal and illegal shipments and unravels the truth behind this dangerous and exploitative trade.

7.55 Film: *A-Z Of Censorship*. Z is for Zealot. Censorship changes with the times. How some things which were censored in the past have become acceptable today and how things which are banned now may become acceptable in the future.

8.00 Hard News. As concern over the Kurdish refugees and the famine in Sudan continue, Hard News asks how newspapers decide when a foreign story is a news story.

8.30 A Triumph Of Eagles. Lake Malawi has a thriving fish industry and is also home to the world's most crowded population of people. Film: *Iron Maiden*. Tom and Liz Bomford examine whether the needs of the fishermen and the birds conflict.

9.00 Banmed: The Last Word. Censorship discussed. Sex, violence, blasphemy and state secrets - is too much getting through or should free speech mean just that?

10.00 Film: *Hope And Glory* (1987).

Telling the story of an ordinary family living in extraordinary times. Starring Sarah Miles.

12.05 Did You Read That?

1.35 Close.

REGIONS

1.35 Anglia News. 1.40 Film: *McCloud*. 2.05 Film: *The Niglo Marsh Mystery*. 4.00 Cartoon. 5.00 Anglia News And Sport. 6.30 The Postman Always Rings Twice.

BORDERS

1.35 Border News. 1.40 The Silk Road. 2.45 Film: *300 Spartans*. 3.05 Border News; Border Drama. 4.15 The A-Team. 11.15 Film: *Till Death*.

CENTRAL

2.10 Central News. 2.10 Out Of Limits. 2.20 The Spectacular World Of Guinness Records. 2.45 Film: *Angela's Ashes*. 3.00 Film: *Central News*.

CHESHIRE

1.35 Cheshire News. 1.40 Film: *Carry On Teacher*. 2.20 *Moordid*. 3.05 *Granada News*. 3.15 The A-Team. 11.30 Film: *Trainspotting*.

3.15 Granada News. 4.15 Film: *Carry On Teacher*. 5.20 *Moordid*. 6.05 *Granada News*. 6.15 The A-Team. 6.30 Film: *Trainspotting*.

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14.15 Granada News. 15.00 Film: *Carry On Teacher*. 15.30 *Moordid*. 16.15 *Granada News*. 16.30 The A-Team. 16.45 Film: *Trainspotting*.

15.15 Granada News. 16.00 Film: *Carry On Teacher*. 16.30 *Moordid*. 17.15 *Granada News*. 17.30 The A-Team. 17.45 Film: *Trainspotting*.

16.15 Granada News. 17.00 Film: *Carry On Teacher*. 17.30 *Moordid*. 18.15 *Granada News*. 18.30 The A-Team. 18.45 Film: *Trainspotting*.

17.15 Granada News. 18.00 Film: *Carry On Teacher*. 18.30 *Moordid*. 19.15 *Granada News*. 19.30 The A-Team. 19.45 Film: *Trainspotting*.

18.15 Granada News. 19.00 Film: *Carry On Teacher*. 19.30 *Moordid*. 20.15 *Granada News*. 20.30 The A-Team. 20.45 Film: *Trainspotting*.

19.15 Granada News. 20.00 Film: *Carry On Teacher*. 20.30 *Moordid*. 21.15 *Granada News</i*

